SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report

FISCAL YEAR 2015

For Fiscal Year Ended
June 30, 2015
Santa Clara County, California

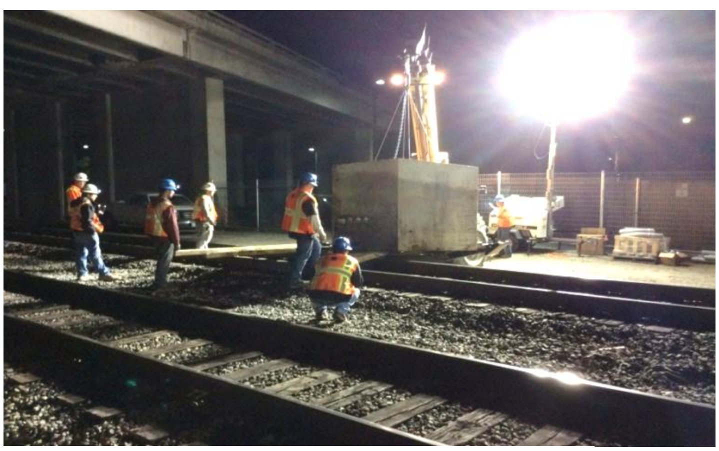
SANTA CLARA
Valley Transportation Authority
Part of every trip you take®

Newly reconstructed Eastridge Transit Center opened in May 2015

Football fans heading to Levi's Stadium in the City of Santa Clara

Architectural steel canopy shades the Berryessa BART Station – photog. Noah Berger, MTC

Structural steel rising up from the Milpitas BART Station



Overnight crews constructing the Mountain View Light Rail Double Track Project to open in December 2015

VTA's wrapped bus joined two local rallies for APTA's nationwide Stand Up for Transportation Day - a day of advocacy to urge Congress to pass a long-term federal funding bill.

VTA opened its new Innovation Center at River Oaks headquarters in February 2015 as a space where VTA teams and companies can develop, test, and showcase new transportation technology.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

SAN JOSE, CALIFORNIA

Comprehensive Annual Financial Report (CAFR)
For Fiscal Year Ended June 30, 2015

Prepared by:
Finance and Budget Division

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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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, 2014

Jeffrey R. Emer

Executive Director/CEO

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SECTION 1 - **INTRODUCTION**

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LETTER OF TRANSMITTAL

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October 26, 2015

Board of Directors
Santa Clara Valley Transportation Authority

Subject: Comprehensive Annual Financial Report

It is a pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) of the Santa Clara Valley Transportation Authority (VTA) for the year ended June 30, 2015. The CAFR was prepared in accordance with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). VTA Management assumes responsibility for the accuracy and completeness of the data and the clarity of the presentation, including all disclosures. To the best of our knowledge, the enclosed report is presented in conformity with Generally Accepted Accounting Principles (GAAP), and is complete and reliable in all material respects.

Vavrinek, Trine, Day & Company 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. Vavrinek, Trine, Day & Company 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, 2015, and that the financial statements are fairly stated in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition, Vavrinek, Trine, Day & Company 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 fair presentation of the financial statements, the agency's internal controls over compliance, and certain federal compliance requirements.

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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 VTA's MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

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

Today, VTA provides bus, light rail, and paratransit services, as well as participates as a funding partner in regional rail service including Caltrain, Capitol Corridor, and the Altamont Corridor Express. As the County's congestion management agency, VTA is responsible for countywide transportation planning, including congestion management, design and construction of specific highway, pedestrian, and bicycle improvement projects, as well as promotion of transit oriented development. VTA continually builds partnerships to deliver transportation solutions that meet the evolving mobility needs of Santa Clara County.

VTA is governed by a 12 member Board of Directors (the Board or the Board of Directors) consisting of elected officials appointed by the jurisdictions they represent. Five members of the Board and one alternate are appointed by the San Jose City Council. One member of the Board and one alternate are appointed from among the city councils of the cities of Los Altos, Mountain View, Palo Alto, and the Town of Los Altos Hills. One Board member and one alternate are appointed from among the city councils of the cities of Campbell, Cupertino, Monte Sereno, Saratoga, and the Town of Los Gatos. One Board member and one alternate are also appointed from among the city councils of the cities of Gilroy and Morgan Hill. Two members of the Board and one alternate are appointed from among the city councils of the cities of Milpitas, Santa Clara, and Sunnyvale. The final two seats on the Board and one alternate are appointed by the Santa Clara County Board of Supervisors. The allocation of Board representation is generally based on population. A chart depicting the current membership of the Board and the jurisdictions they represent is located on page 1-11 of this report.

ECONOMIC ENVIRONMENT

The information presented in the financial statements is better understood when considered with a broader perspective of the specific environment in which the government entity operates. The County of Santa Clara is located at the southern end of the San Francisco Bay and encompasses an area of approximately 1,300 square miles. The County's population of nearly 1.9 million is one of the largest in the state, and the largest of the nine Bay Area counties.[1] Its population constitutes about one fourth of the Bay Area's total population.

According to San Jose Mercury Newspaper's analysis of the statistics released by state labor officials, Santa Clara County's pace of job growth is the strongest the region has enjoyed in at least 14 years. Santa Clara County has the highest median household income in the nation, at $93,500.[2] The northwest portion of the County, known as Silicon Valley, is home to many leading computer and electronic companies. With varied and relatively stable employers such as Google, Cisco, Hewlett-Packard, Yahoo, eBay, and Apple among others, Santa Clara County has enjoyed diverse employment and revenue base.

A strong employment gain points to an economy that is returning to full expansion mode.[3] Job gains occurred in professional and business services, leisure and hospitality, and health care. According to the US Department of Labor report in June 2015, the national unemployment rate dropped to 5.3% and the number of unemployed persons was 8.3 million[4], compared to prior year's statistics during the same period, when unemployment rate was 6.1% and the number of unemployed persons was 9.5 million. With steady job gains and growth in consumer income, sales of homes, cars, and other products and services are climbing.[5]

In June 2015, the County's unemployment rate dropped to 4.0% from 5.2% the prior year, and the state's unemployment dropped to 6.2% from 7.4% the prior year.[6] The tightening labor and housing markets continue to push home prices upward. The County continues to see surge in the construction of higher density multi-family housing units, many of which

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[1] Population Demographics for Santa Clara County in 2014 and 2015

[2] San Jose Mercury News, "Santa Clara County has the highest median household income in the nation, but wealth gap widens". August 2014.

[3] Kiplinger's Economic Outlook, May 29, 2015.

[4] Bureau of Labor Statistics News Release. July 2, 2015.

[5] News Tribune. "US Economy Not as Bad in 1st Quarter". June 24, 2015.

[6] Homefacts. Unemployment Rate Report. June 2015.

were designed with utilization of public transit in mind.[7] A spot check of the fastest-growing metro areas nationwide shows that Santa Clara County is expanding its job totals at a much faster yearly pace than other metro regions in the country.[8] The long-term employment picture in Santa Clara County remains bright because of the strong technology sector.

The 2016 State balanced budget feeds a more positive financial condition which lessens the risk of outright program cuts or revenue losses that have contributed to local deficits in the past. Slowly but surely, the state is eliminating the budgetary debts and continues to maintain a healthier rainy day fund which will give the state fiscal capacity during budget shortfalls and challenging times.

Overall, the California economic outlook continues to be positive with forecast anticipating stronger growth in the state in the coming years. Among the industries making California the leader in business are health care, consumer staples, specialty pharmaceuticals, energy and biotech. [9] Consistent with the State's improved financial condition, the Transportation Development Act (TDA) revenue increased by $5.1 million in FY 2015. On the other hand, State Transportation Assistance (STA) revenue declined by $1.4 million as prices for diesel, along with gasoline and crude oil, continue to reflect significant cuts. Both revenue sources are state programs that provide funds to operate bus and rail systems in California.

During FY 2015, job growth and surge in wages and salaries fueled higher consumer and business spending. This condition helped increase VTA's revenue base affecting its largest revenue sources for operations and capital activity, 1976 Half-Cent Sales Tax and 2000 Measure A Sales Tax. Both sales tax revenues are dependent upon taxable sales activity in the county. For FY 2015, the 1976 Half-Cent Sales Tax and the 2000 Measure A Sales Tax revenue grew 6.86% and 7.17%, respectively.

ENTERPRISE NET POSITION OVERVIEW

VTA's enterprise funds report the activities of its transit operations, 1996 Measure B Transportation Improvement Program, 2000 Measure A Transit Improvement Program, BART Operating, Express Lanes, and Joint Development Program.

Governmental Accounting Standard Board (GASB) Statement 68 requires employers to record a Net Pension Liability representing the amount owed by employers to employees for

[7] The Santa Clara County Real Estate Market Trends Report, August 2014.
[8] San Jose Mercury News, "Santa Clara County Job Boom Strongest in More than a Decade". March 9, 2015.
[9] Winkler, Matthew A. Bloomberg View. "Best State for Business? Yes, California". March 12, 2015.

benefits provided through a defined benefit pension plan. This resulted in a negative adjustment to unrestricted net position of $189 million. Despite this adjustment, Enterprise Funds net position increased by $241 million to $4 billion. This consists mainly of VTA Transit Fund of $2 billion, Measure B Transit Fund of $2.5 million, Express Lanes Fund of $2 million, Measure A Fund of $1.8 billion, BART Operating Fund of $135 million, and Joint Development of $28.4 million.

Total FY 2015 Net Position amounted to $4 billion as provided below (in thousands):

Net Investment in Capital Assets		$ 2,950,181
Restricted:		
2000 Measure A projects	$ 550,650	
SWAP/lease collateral	77,381	
BART Operating	135,416	
Debt Service	49,009	
Retention	8,700	
1996 Measure B projects	1,678	822,834
Unrestricted:		
Debt reduction	$ 134,173	
Operating reserve	62,937	
Sales tax stabilization	35,000	
Local share of capital projects	88,433	
Inventory and prepaid expenses	24,469	
Irrevocable transfer made to OPEB trust fund	20,650	
Joint Development	26,366	
Express Lanes	1,991	
Unrestricted before GASB 68 adjustment	394,019	
GASB 68 adjustment*	(188,994)	205,025
Total Net Position		$ 3,978,040

*This is shown as reduction of the Unrestricted Net Position. The purpose is to set aside amount owed by VTA to employees for benefits provided through a defined benefit pension plan. This consists of $86.18 million and $102.82 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 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 require 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 as follows:

Proprietary Funds	**Governmental Funds**
• VTA Transit	• Congestion Management Program
• 1996 Measure B Transit*	• Congestion Management and Highway Program
• 2000 Measure A Transit	• 1996 Measure B Program*
• Joint Development	
• Express Lanes	
• BART Operating	

*No additional appropriation in recent adopted budget as program is nearing its completion.

Internal Control

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

Basis of Accounting

VTA's accounting records are maintained using the system of fund accounting. All proprietary and fiduciary funds are accounted for using accrual basis of accounting and the economic resources exchange measurement focus. Under the accrual basis, revenues are recorded when they are earned and expenses are recorded as soon as the goods or services are received, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Reserves

A summary of VTA Transit Reserves established by the Board of Directors is provided below. The negative adjustment in the beginning net position due to GASB 68 implementation may reduce a combination of these reserves.

Reserve	Balance as of June 30, 2015 (in millions)	Remarks
Operating Reserve	$62.937	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 revenue shortfalls or unavoidable expenditure needs. The detailed calculation and information on the operating reserve is shown on page 3-8.
Sales Tax Stabilization	$35	This reserve serves to mitigate 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	$134.173	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 local portion of the VTA Transit capital program in order to keep assets in a state of good repair.

Financial Stability Policy

The following activities serve as guidance in the prioritization of VTA operating expenses. This is necessary when there are budget reductions to keep spending consistent with available revenues, and when increases in operating revenues permit VTA to add resources to its transit-related activities.

1. Preservation of the level of fixed route transit service and paratransit service provided to VTA riders to the extent possible. This includes developing a service plan that is in

accordance with VTA's Transit Sustainability Policy and service design guidelines and in the best interest of the public.

2. Direct support for the provision of transit service, i.e., only those core operating, management and administrative functions that are necessary and essential to providing the existing level of transit service, both in terms of the types of functions required and level of resources needed to support service. This is measured against industry standards and best practices with consideration of efficiencies achieved by reducing layers of management.
3. Support for Regional Partnerships (e.g., Caltrain, ACE, Dumbarton Express, etc.) provided by VTA in consideration of other partners' contributions.
4. Activities that clearly contribute to increasing and diversifying VTA's operating funding (e.g., fare programs, joint development, advertising, and other opportunities for earned income).
5. Activities that provide information to riders, employees, stakeholders and the public (e.g. VTA Ambassador Program).
6. Activities that would prudently and strategically expand VTA transit service, when sustainable revenues are available to support the service growth (e.g. VTA's recent expansion of bus and light rail service to Levi's Stadium).

MAJOR INITIATIVE

VTA's BART Silicon Valley Project

The VTA's BART Silicon Valley Project is a 16-mile extension of the existing BART system to San Jose, Milpitas, and Santa Clara, which will be delivered through a phased approach. The first phase, the Silicon Valley Berryessa Extension (SVBX), is a 10-mile, two-station extension, beginning in Fremont south of the future BART Warm Springs Station and proceeding on the former Union Pacific Railroad right-of-way through Milpitas, the location of the first station, and then to the Berryessa area of north San Jose, at the second station.

The cost of the SVBX Project is approximately $2.4 billion, which includes $900 million in federal assistance, $387.5 million in state and other local funding, and $1.134 billion from Measure A sales tax. In March 2012, VTA received a $900 million grant commitment from the FTA for the project, along with the first $100 million allocation, as provided for in the Full Funding Grant Agreement (FFGA). The FFGA is a multi-year contractual agreement that formally defines the project scope, cost, and schedule, and establishes the terms of the federal financial assistance. Execution of the FFGA allowed the commencement of construction of the 10-mile, two-station BART extension. As of August 2015, $392 million of the grant funding has been expended and received. The most recent federal award occurred in September 2015 in the amount of $150 million. To date, a total of $552.6 million Federal Section 5309 New Starts funding for the project has been awarded.

In August 2014, VTA received the Traffic Congestion Relief Program (TCRP) funds in the amount of $39 million which constitutes the final installment of the State of California's $649 million TCRP allocation plan adopted by the California Transportation Commission (CTC) in 2008. As of August 2015, remaining unexpended amount from this allocation is $29 million.

The first major design and construction contract, valued at $772 million for the line, track, systems, and stations, was awarded in December 2011 to Design Builder Skanska-Shimmick-Herzog, a Joint Venture. Construction of the 10-mile, two-station project is planned for 2012 to late 2017. Construction continues at future station areas and major intersections that the BART system will cross. In October 2014, VTA issued the Notice-To-Proceed to McCarthy Building Companies, Inc., for the design and construction of the parking garages in Milpitas and Berryessa Stations. The contracts for the construction of Milpitas and Berryessa station campus areas and roadways were also awarded in February 2015 and August 2015, respectively.

The project scope includes BART vehicles, VTA feeder buses, double-track grade-separated guideway, traction power substations, high voltage substations, a communication system, passenger drop-off facilities, surface and structured parking facilities, bus transit centers, a pedestrian bridge, real estate acquisition, 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 for maintenance of BART vehicles.

VTA continues project development activities for the second 6-mile phase of the project that is expected to include a 5.1 mile-long subway tunnel through downtown San Jose, and ending at grade in Santa Clara near the Caltrain Station. Construction on the second phase of the project will commence as additional funding is secured.

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 2014 Comprehensive Annual Financial Report. This is the 19th consecutive year that VTA achieved this prestigious award.

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

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

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

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

Nuria I. Fernandez
General Manager/CEO

Raj Srinath
Chief Financial Officer

2015 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.

Perry Woodward, Chairperson
Cindy Chavez, Vice Chairperson
As of June 30, 2015

Group	Jurisdiction	Member
GROUP 1	City of San Jose	Magdalena Carrasco Rose Herrera Ash Kalra Johnny Khamis Sam Liccardo* Raul Peralez, Alternate
GROUP 2	City of Los Altos	Jeannie Bruins, Alternate
	Town of Los Altos Hills	Rich Larsen
	City of Mountain View	
	City of Palo Alto	
GROUP 3	City of Campbell	Jason Baker*
	City of Cupertino	
	Town of Los Gatos	
	City of Monte Sereno	
	City of Saratoga	Howard Miller, Alternate
GROUP 4	City of Gilroy	Perry Woodward
	City of Morgan Hill	Larry Carr, Alternate
GROUP 5	City of Milpitas	Jose Esteves
	City of Santa Clara	Jamie Matthews, Alternate
	Citty of Sunnyvale	David Whittum
GROUP 6	County of Santa Clara	Cindy Chavez Ken Yeager David Cortese,* Alternate
Ex-Officio**	Metropolitan Transportation Commission (MTC) Commissioners Representing Santa Clara County, Cities of Santa Clara County, and City of San Jose	None

* *These individuals serve on the MTC.*

** *There are no Ex-Officio Board Members for 2015 as the MTC representatives from Santa Clara County, Cities of Santa Clara County and City of San Jose are also VTA Board Members or Alternate VTA Board Members.*

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, financing, and fiscal issues.

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

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

4. **Transit Planning and Operations Committee (TP & O)** reviews and recommends policies related to transit planning, transit capital improvement projects, transit operations, and marketing.

5. **Silicon Valley Rapid Transit (SVRT) Program Working Committee** reviews the ongoing program activities and recommends policy decisions pertaining to the program activities of the Silicon Valley Rapid Transit Project, which brings the BART regional heavy rail system 16 miles from Alameda County to the Santa Clara County cities of Milpitas, San Jose, and Santa Clara.

VTA BOARD OF DIRECTORS' ADVISORY COMMITTEES

1. **Committee for Transit Accessibility (CTA)** 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 21 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 broker and the VTA Board of Directors.

2. **Citizens Advisory Committee (CAC) / 2000 Measure A Citizens Watchdog Committee (CWC)** is a 17 voting member committee representing the residents of Santa Clara County, as well as specified community stakeholder groups, including business and labor, with an interest in transportation. 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 countrywide 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, 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 appoint one non-voting representative each 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 Santa Clara County Board of Supervisors. The PAC ensures that all local jurisdictions have an opportunity to participate in the development of VTA's policies.

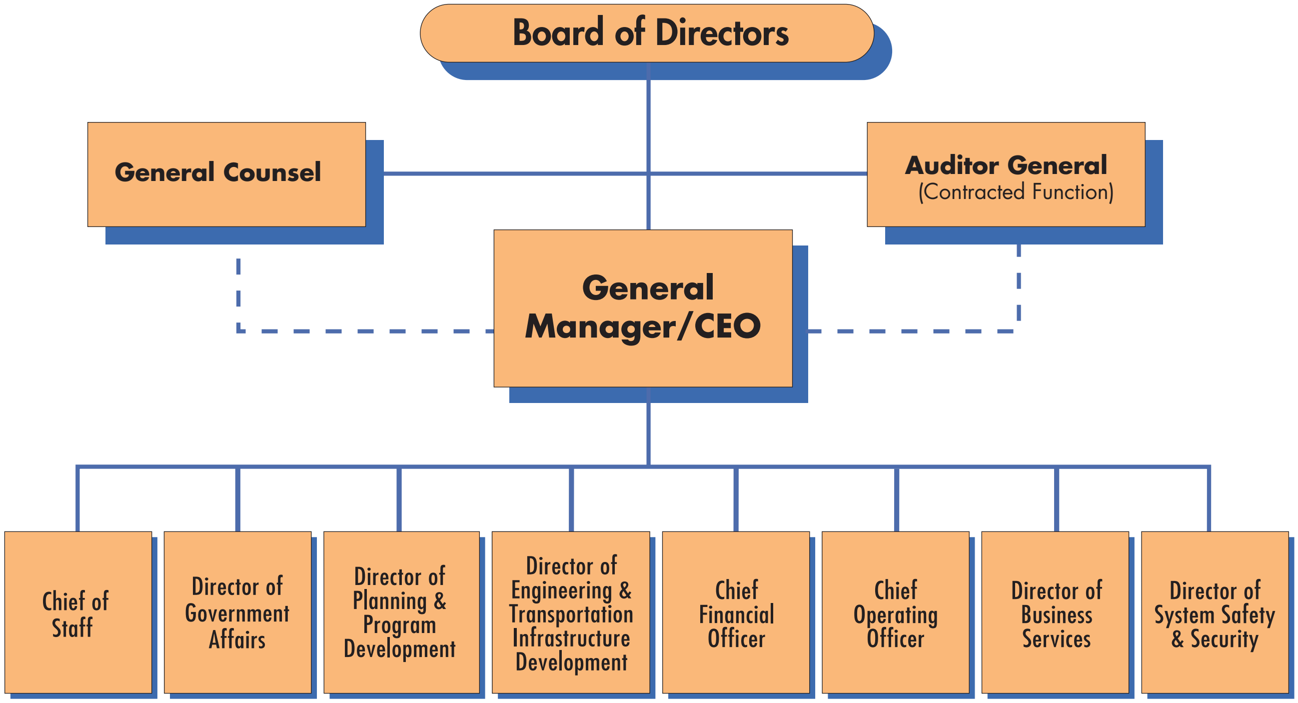
VTA BOARD OF DIRECTORS' POLICY ADVISORY BOARDS

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

- **Diridon Station Joint Powers Policy Advisory Board**
- **Downtown East Valley Policy Advisory Board**
- **El Camino Real Rapid Transit Policy Advisory Board**
- **Silicon Valley Rapid Transit Corridor and BART Warm Springs Extension Policy Advisory Board**
- **Vasona Light Rail Project Policy Advisory Board**

Santa Clara Valley Transportation Authority

As of June 30, 2015



Principal Officials as of June 30, 2015

General Manager/CEO .... Nuria I. Fernandez

General Counsel .... Robert Fabela

Auditor General (Contracted Function) .... McGladrey LLP

Chief of Staff .... Inez P. Evans

Director of Government Affairs .... James Lawson

Director of Planning & Program Development .... John Ristow

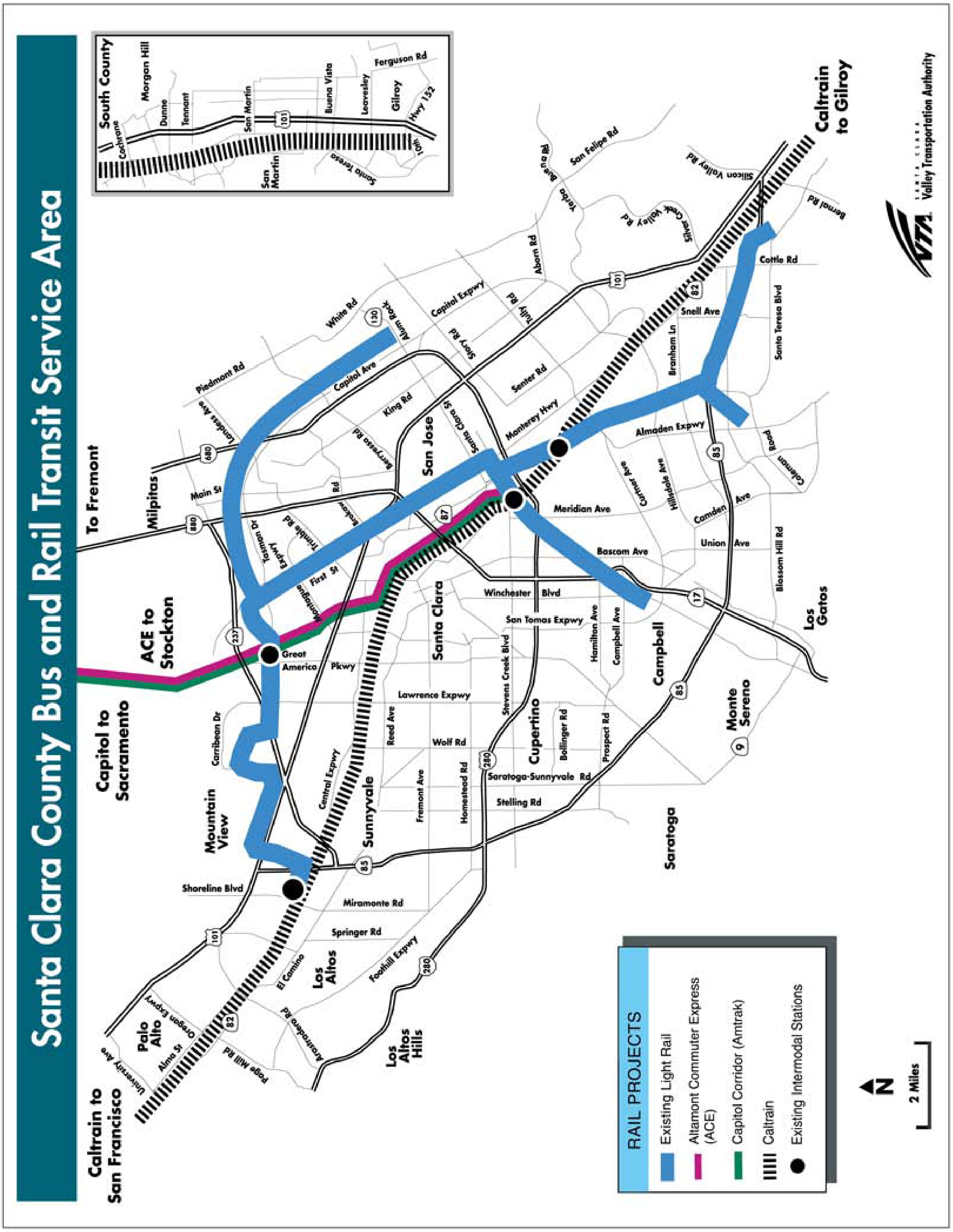
Director of Engineering & Transportation Infrastructure Development .... Carolyn Gonot

Chief Financial Officer .... Raj Srinath

Chief Operating Officer .... Michael Hursh

Director of Business Services (Interim) .... Inez P. Evans

Director of System Safety & Security .... Steve Keller


Santa Clara County Bus and Rail Transit Service Area
South County
Morgan Hill
San Martin
Gilroy
Caltrain to San Francisco
Caltrain to Gilroy
Capitol to Sacramento
ACE to Stockton
To Fremont
Milpitas
San Jose
Santa Clara
Sunnyvale
Mountain View
Palo Alto
Los Altos
Los Altos Hills
Cupertino
Campbell
Saratoga
Monte Sereno
Los Gatos
Great America Pkwy
RAIL PROJECTS
Existing Light Rail
Altamont Commuter Express (ACE)
Capitol Corridor (Amtrak)
Caltrain
Existing Intermodal Stations
2 Miles
Valley Transportation Authority

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SECTION 2 – **FINANCIAL SECTION**

INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements

- Statement of Net Position
- Statement of Activities

Fund Financial Statements:

Proprietary Funds:

- Statement of Fund Net Position
- Statement of Revenues, Expenses and Changes in Fund Net Position
- Statement of Cash Flows

Governmental Funds:

- Balance Sheet
- Statement of Revenues, Expenses and Changes in Fund Balances

Fiduciary Funds:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position– Retiree Trust Funds

NOTES TO THE BASIC FINANCIAL STATEMENTS

Required Supplementary Information (other than MD&A):

- Schedule of Changes in Net Pension Liability and Related Ratios – ATU Pension Plan
- Schedule of Plan Contributions – ATU Pension Plan
- Schedule of Changes in Net Pension Liability and Related Ratios – CalPERS Plan
- Schedule of Plan Contributions – CalPERS Plan
- Schedule of Funding Progress – Retirees' Other Post Employment Benefits Trust
- Budgetary Comparison Schedule – Congestion Management Program Special Revenue Fund
- Note to Required Supplementary Information – Budgetary Basis of Accounting

Supplementary Information – Combining and Individual Fund Statements and Schedules:

Enterprise Funds:

- Comparative Schedule of Fund Net Position
- Comparative Schedule of Revenues, Expenses and Changes in Fund Net Position
- Comparative Schedule of Cash Flows
- Budgetary Comparison Schedule

Fiduciary Funds:

- Combining Statement of Fiduciary Net Position– ATU Pension, OPEB, and Medical Funds
- Combining Statement of Changes in Fiduciary Net Position – ATU Pension, OPEB, and Medical Funds
- Combining Statement of Fiduciary Assets and Liabilities – Agency Funds
- Combining Statement of Changes in Fiduciary Assets and Liabilities – Agency Funds

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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, 2015, and the related notes to the financial statements, which collectively comprise the 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 the VTA, as of June 30, 2015, 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 described in Note 2-q to the financial statements, VTA adopted Governmental Accounting Standards Board (GASB) Statements No. 68, Ac*counting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is 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, pension plans schedules of changes in net pension liability, pension plans schedules of employer contributions, budgetary comparison information, and schedule of funding progress for other postemployment benefits, 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 the VTA's basic financial statements. The enterprise 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 and fiduciary funds supplementary information as listed in the table of contents 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, 2015.

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, 2014 (not presented herein), and have issued our report thereon dated October 20, 2014, 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, 2014 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, 2014 financial statements. The enterprise fund supplementary information as of and for the year ended June 30, 2014 have been subjected to the auditing procedures applied in the audit of the 2014 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, 2014.

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 25, 2015, on our consideration of the 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 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 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 the VTA's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
October 25, 2015

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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 2015. 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, 2015, VTA's net position amounted to approximately $4 billion. Of this amount, approximately $2.9 billion consisted of net investment in capital assets which is associated with VTA's capital program.
- Enterprise Funds operating revenues mainly from passenger fares were $43.1 million, an increase of $634 thousand or 1.5% from FY 2014.
- As of June 30, 2015, VTA had total outstanding bonds in the amount of $1.2 billion. In FY 2015, VTA issued $89.98 million (par value) of 2015 Series A and B Measure A Sales Tax bonds to refund the 2007 Measure A Series A bonds maturing on April 1, 2018 or later.
- Prior to the beginning net position adjustment resulting from the GASB 68 implementation, VTA Transit Fund net position increased $57.3 million to $2.1 billion. To comply with GASB 68, the beginning Net Position was restated to reflect a reduction of $189 million ($86.18 million for CalPERS, and $102.82 million for ATU). This represents the amount owed by VTA to employees for benefits provided through a defined benefit pension plan that is attributed to employees' past period of service.
- The three board-designated reserves; i.e., Transit Operating Reserve, Debt Reduction Reserve, and Sales Tax Stabilization Reserve were $62.9 million, $134.2 million, and $35 million, respectively. Any of these reserves may be reduced by the negative adjustment in the net position of $189 million resulting from the GASB 68 implementation as described earlier.
- VTA Measure A Fund net position in FY 2015 added $307.5 million to a total of $1.8 billion. This amount is restricted for the Measure A Transit Improvement Program per the Measure A Ballot.
- The 1976 Sales Tax revenue, reflecting an improvement in taxable sales activity in the County, increased $12.8 million, or 6.9% from FY 2014 level to $199.2 million in FY 2015.
- The 2000 Measure A Sales Tax revenue increased $13.4 million or 7.2% to $199.7 million in FY 2015.
- Federal, state, and local operating assistance were $13.9 million or 9.3 % lower in FY 2015 due to lesser Federal Maintenance Assistance Grant and State Transit Assistance revenues of $17.5 million and $1.4 million, respectively. This was offset in part by a net increase of $5.1

million in the Transportation Development Act (TDA) revenue, and other operating assistance.

- Capital grants increased by $83.5 million from the FY 2014 level, due to an increase in grant-funded activities related to Silicon Valley Berryessa Extension (SVBX), traction power substation, procurement of vehicles, and Santa Clara/Alum Rock Bus Rapid Transit.
- As of June 30, 2015, the net position of Express Lanes and Joint Development funds amounted to $2 million and $28.4 million, respectively. The Express Lanes Fund recorded toll collection from SR 237/I-880 Express Connector. The Joint Development Fund reported property rental revenues and other proceeds generated from VTA's Joint Development Program.
- In FY 2015, BART operating fund's net position was $135 million. The BART Operating Sales Tax increased by $2.7 million or 6.14%, to $47.5 million in FY 2015.

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 inflow and outflow 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 (e.g., uncollected taxes and earned but unused vacation leave).

   The government-wide statements distinguish functions of VTA that are principally supported by sales tax and intergovernmental revenues. The VTA business-type activity is transit, which includes bus/light rail operations, joint development, express lanes, BART operating, and capital project activity. 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.

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 can be 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 three major governmental funds to account for the financial activities of VTA's Congestion Management Program, the Congestion Management and Highway Program, and the 1996 Measure B Highway Program.

   Proprietary funds - VTA maintains two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds are used to report the same function presented as "business-type activities" in the government-wide financial statements. The internal service funds are used to account for activities that provide services to other funds, departments or to other governments on a cost-reimbursement basis. General Liability, Workers' Compensation, and Compensated Absences are accounted for in the internal service funds. VTA uses the enterprise funds to account for its transit operation and capital activities, the 1996 Measure B Transit projects, the 2000 Measure A capital and operating 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, the ATU Spousal Medical and Retiree Vision and Dental Funds and the Retirees' Other Post Employment Benefits (OPEB) Trust are reported in the retiree trust funds. Pension trust funds are used to account for assets held by VTA as a trustee for individuals and other organizations, such as ATU.

Senate Bill 83 Vehicle Registration Fee (SB 83 VRF), the Bay Area Air Quality Management District (BAAQMD), and the 1996 Measure B Ancillary, which includes the Pavement Management and Bicycle programs, are accounted for in an agency fund, a fund that accounts for assets held solely in a custodial capacity.

3. **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 2-33 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 and Pension Contributions pertaining to ATU and CalPERS, VTA's funding progress relative to Other Post Employment Benefits as well as the Congestion Management Program Budgetary Schedule. Required supplementary information can be found on pages 2-91 through 2-97 of this report.

   Other supplementary information such as the combining statements and other individual schedules found immediately following the required supplementary information present individual fund statements and schedules for the Enterprise and Fiduciary Funds. Other supplementary information can be found on pages 2-98 through 2-108 of this report.

4. **Government-wide Financial Analysis**. The Government-Wide Statement of Net Position and the Statement of Activities report a $429.9 million increase in net position. The Business-Type activities were the major source of the growth as the Government-type activities' net position decreased by $521 thousand. The increase in the business-type net

position was due primarily to sales tax receipts, TDA, and capital grants related to VTA's BART Silicon Valley Extension Project. The BART Operating sales tax total collection for the fiscal year was $47.5 million. During FY 2015, VTA enterprise funds acquired or built total capital assets of approximately $562.2 million (see Note 6). These capital assets were funded by a variety of sources such as federal and state grants, bond proceeds as well as local Measure A sales tax revenues.

Santa Clara Valley Transportation Authority
Condensed Schedule of Net Position
FY 2015 and FY 2014
(In thousands)

	Business -Type Activity		Government Activities		Total	
	2015	2014	2015	2014	2015	2014
Asset:						
Current and other Assets	$ 1,495,830	$1,600,886	$ 20,918	$ 19,141	$1,516,748	$1,620,027
Capital assets, net	4,100,080	3,605,213	-	-	4,100,080	3,605,213
Total assets	5,595,910	5,206,099	20,918	19,141	5,616,828	5,225,240
Deferred outflow of resources	127,922	87,918	-	-	127,922	87,918
Liabilities:						
Current Liabilities	283,182	276,696	19,419	17,121	302,601	293,817
Long-term liabilities outstanding	1,446,584	1,279,813	-	-	1,446,584	1,279,813
Total liabilities	1,729,766	1,556,509	19,419	17,121	1,749,185	1,573,630
Deferred inflow of resources	23,199	8,051	-	-	23,199	8,051
Net Position:						
Net Investment In Capital Assets	2,950,181	2,613,290	-	-	2,950,181	2,613,290
Restricted	822,834	759,608	1,499	2,020	824,333	761,628
Unrestricted	197,852	356,559	-	-	197,852	356,559
Total Net Position	$ 3,970,867	$3,729,457	$ 1,499	$ 2,020	$3,972,366	$3,731,477

The largest portion of VTA's net position (approximately 74%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, 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 Measure A and B Transit Improvement Programs, BART operating, debt service collateral with the bond trustees, and SWAP/Lease collateral. The unrestricted categories include funds set aside by Board policies and for funding of local share of capital projects; inventory and prepaid expenses; VTA transit operating reserve, debt reduction, express lanes and joint development program funds, sales tax stabilization, irrevocable transfer made to the OPEB Trust, and a deficit in compensated absences. The irrevocable transfer made to OPEB Trust, although unrestricted, is earmarked for OPEB Trust Fund's future operating needs. The unrestricted net position is generally available for appropriation with Board approval. The details of net position categories are shown on page 2-40, Note 2(j).

Governmental Accounting Standards Board (GASB) Statement 68, issued in June 2012 and effective for the year-end reporting June 30, 2015, requires public employees to comply with new accounting and professional reporting standards. Under this standard, employers that participate in a defined benefit pension plan, administered as a trust or equivalent arrangement, are required to record the net pension liability, pension contributions, and deferred outflows/inflows of resources related to pensions in their financial statements. To comply with the standard, VTA showed a reduction in the Beginning Net Position of $189 million and established a Net Pension Liability of $196.7 million. Net Pension Liability is the amount owed by VTA to its employees for benefits provided through a defined benefit pension plan. This consists of $74.2 million for CalPERS and $122.5 million for ATU.

Business-Type Activities – Despite the negative adjustment in the Beginning Net Position of $189 million due to the GASB 68 implementation, the total net position of $4 billion was up by $241 million in FY 2015. The current fiscal year reported favorable changes affecting net program expenses and general revenues. Net program expenses (total expenses minus program revenues) decreased by $112 million in FY 2015, mainly due to the decrease in total expenses and increase in program revenues of $42 million and $70 million, respectively. There was a $31.4 million decrease in capital expenses on behalf of, and contributions to other agencies as a result of a decline in capital activities relating to projects which generate assets that will ultimately be owned by other entities (such as Hayward Maintenance Center and Right-of-Way, as well as Mission/Warren/Freight Rail Relocation). Other decreases in expenses include $9 million drop in casualty/liability reserves; $11.9 million reduction in interest expense, and $5.4 million decline in other non-operating expenses. Actuarial report as of June 30, 2015 disclosed that the level of general liability provision as of FY 2015 was adequate. This was different from the previous year when increase adjustment to the general liability reserves was made based on actuarial estimate. The decrease in interest expense is a result of increased capitalized interest. Other non-operating expenses were less this year largely due to the completion of the project studies relating to new rail corridor and light rail operations analysis conducted by consultants.

In the program revenue categories, charges for services were up $634 thousand due to increases in passenger fares collected ($736 thousand), as well as ACE shuttle and other operating revenues ($55 thousand). These increases were offset partially by a decrease in toll and advertising revenues of $157 thousand. The slight decrease in toll revenues of $65 thousand was attributed primarily to less solo-driver customers being tolled. This was a result of increased "HOV only" hours restriction when no solo drivers can use the express lanes. Furthermore, analysis shows that there was higher usage of clean air vehicles with eligible carpool decal using the lanes. Advertising revenues also experienced a decline due to expiration of contract in December 2014 and subsequent renegotiation of a lower minimum monthly guarantee by the vendor.

Operating Assistance grants decreased by $13.9 million due to the decline in Federal Preventive Maintenance Assistance Grant, STA and Transportation for Clean Air Act Shuttle Program revenues of $17.5 million, $1.4 million, and 268 thousand, respectively. This was offset partially by an increase of $5.1 million in Transportation Development Act (TDA) and net increase of $162 thousand in other federal and state operating assistance grants relating to Job Access Reverse Commute, and Employment Training Panel. Capital grants grew $83.5 million as a result of increased activities mainly in the grant-funded Silicon Valley Berryessa Extension (SVBX), Traction Power Substation, procurement of buses, and the Alum Rock/ Santa Clara Bus Rapid Transit.

The upswing in sales taxes of $28.9 million and other income of $13.7 million, offset by a slight decrease in investment income of $441 thousand, resulted in a $42 million improvement in total general revenues. Other income during the year included the proceeds from sale of Capitol Avenue Park-and-Ride lot and West San Carlos properties. The decrease in investment income was largely due to lower mark-to-market gains as a result of modestly higher interest rates.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Condensed Schedule of Activities
FY2015 and FY 2014
(In thousands)

	Business-Type Activities		Governmental Activities		Total	
	2015	2014	2015	2014	2015	2014
Expenses:						
Operations, support services, and CMP program	$ 407,618	$ 392,042	$ 8,071	$ 7,544	$ 415,689	$ 399,586
Caltrain subsidy & capital expense, on behalf of, and contribution to other agencies	69,835	101,243	-	-	69,835	101,243
Altamont Commuter Express subsidy	3,097	3,019	-	-	3,097	3,019
Interest expense	15,204	27,088	-	-	15,204	27,088
Other non-operating expenses	5,734	11,096	-	-	5,734	11,096
Claims and change in future claim estimates	8,881	17,947	-	-	8,881	17,947
Contribution to agencies	-	-	168	68	168	68
Capital outlay on behalf of other agencies	-	-	20,127	36,184	20,127	36,184
Total expenses	510,369	552,435	28,366	43,796	538,735	596,231
Program revenues:						
Charges for services	43,054	42,420	2,526	2,519	45,580	44,939
Operating grants	134,796	148,669	2,096	2,424	136,892	151,093
Capital grants	277,421	193,899	22,964	38,989	300,385	232,888
Total program revenues	455,271	384,988	27,586	43,932	482,857	428,920
Net program revenues (expenses)	(55,098)	(167,447)	(780)	136	(55,878)	(167,311)
General revenues:						
Sales tax revenue	446,374	417,486	-	-	446,374	417,486
Investment income	9,420	9,861	9	23	9,429	9,884
Federal subsidy for Build America Bonds	8,715	8,755	-	-	8,715	8,755
Other Income	20,993	7,325	250	279	21,243	7,604
Total general revenues	485,502	443,427	259	302	485,761	443,729
Change in net position	430,404	275,980	(521)	438	429,883	276,418
Net position, beginning of year	3,729,457	3,453,477	2,020	1,582	3,731,477	3,455,059
Adjustment to Net Position due to GASB 68 Implementation	(188,994)	-	-	-	(188,994)	-
Net position, beginning of year (as restated)	3,540,463	3,453,477	2,020	1,582	3,542,483	3,455,059
Net position, end of year	$ 3,970,867	$ 3,729,457	$ 1,499	$ 2,020	$ 3,972,366	$ 3,731,477

Governmental Activities – The net position of governmental activities decreased $521 thousand, with an ending balance of $1.5 million; all in the Special Revenue Fund. Major elements of changes in fund balance were as follows:

- In the Congestion Management and Highway Program (CMHP) Capital Projects Funds, total grant revenues and capital expenditures were $22.8 million. In FY 2015, CMHP reported a decrease in grant revenues as a result of waning activities on projects which were completed (US101 Improvements I-280 to Yerba Buena, and US101 Widening Monterey Rd – Rt129) or nearing completion (SR152/156 Improvements, I880/I280 Improvements-Stevens Creek, and US101/Capitol Expressway/Yerba Buena Interchange). Measure B Highway Program showed capital grant revenue of $203 thousand with the same amount of capital expenditures. The decrease in Measure B Highway Program activities is due to the program's winding down to completion.

- In the Congestion Management Program (CMP) Special Revenue Fund, total revenue sources were $4.9 million, a decrease of $364 thousand from the $5.2 million in FY 2014. The decline is primarily due to the decrease in Surface Transportation Program grant. Total expenditures were $5.4 million, an increase of $595 thousand from FY 2014. This is due to expenses incurred relating to professional consultant costs for monitoring and conformance, training guidelines and deployment of iTEAM (a model for partnering with Caltrans with efforts focus on local assistance, project delivery, and traffic engineering/innovative transportation solutions). The change in fund balance was a decrease of $521 thousand. CMP projects were funded from member assessments and various federal, state, and local grants.

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, 1996 Measure B Transportation Improvement Program, 2000 Measure A Transit Improvement Program, BART Operating, Express Lanes Program, and the Joint Development Program.

Comparison of
Enterprise Funds Revenue
FY 2015 and FY 2014
(In thousands)

			Change Favorable/(Unfavorable)	
Enterprise Funds Revenue	**2015**	**2014**	**Amount**	**Percent**
Charges for services	$ 43,054	$ 42,420	$ 634	1.49%
Operating grants	134,796	148,669	(13,873)	(9.33%)
Capital grants	277,421	193,899	83,522	43.08%
1976 half-cent sales tax	199,221	186,431	12,790	6.86%
2000 Measure A half-cent sales tax	199,653	186,302	13,351	7.17%
BART Operating Sales Tax	47,500	44,753	2,747	6.14%
Investment earnings	9,118	9,555	(437)	(4.57%)
Federal subsidy for Build America Bonds	8,715	8,755	(40)	(0.46%)
Other income	20,371	6,835	13,536	198.04%
Total	$ 939,849	$ 827,619	$ 112,230	13.56%

Charges for Services – In the VTA Transit and Express Lanes funds, charges for services which were derived from bus farebox receipts, light rail ticket sales, toll fees, sale of monthly passes (including EcoPass, tokens, and convention passes), and advertising income were, $43 million in FY 2015. The $634 thousand or 1.5% rise from FY 2014 was primarily due to growth in eco pass and passenger fare revenues. The Levi's Stadium activities contributed to the increase in ridership. During FY 2015, toll revenues collected from the express lane were approximately

$1.2 million, a decrease of $65 thousand from FY 2014. The decrease in toll revenues was attributed to increased restriction in the “HOV only” hours and more usage of clean air vehicles with eligible carpool decal using the lane.

Operating Grants – VTA Transit Operating grants include Transportation Development Act (TDA), State Transit Assistance (STA), Federal Section 5307 Urbanized Formula Program Grants, state vehicle license fees (AB434), and Federal Section 5311 Formula Grants for Other than Urbanized Areas. In FY 2015, total operating grants decreased $14 million or 9.3% from the FY 2014 level. This is primarily due to the lesser Federal Preventive Maintenance Assistance grant revenue ($17.5 million) and State Transit Assistance (STA) revenue of $1.4 million. This was offset in part by an increase in Transportation Development (TDA) revenue of $5.1 million and net increase in other operating assistance grants of $162 thousand relating mainly to Employment Training Panel and Job Access Reverse Commute.

TDA funds are derived from a quarter-cent sales tax levied by the state on taxable transactions occurring in the Santa Clara County. The Metropolitan Transportation Commission (MTC) retains a portion of these funds for administration and approximately 94.5% is returned to the source county (i.e. Santa Clara). After sales tax derived from local measures, TDA revenue is VTA’s second largest source of revenue for operations. For FY 2015, the actual TDA receipts were $94.6 million. This is a $5.1 million or 5.7% rise over the prior fiscal year as the taxable sales activity in the county expanded in FY 2015.

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 in the region from the prior fiscal year. In FY 2015, VTA received $13.9 million compared to the $15.3 million in FY 2014. The lesser STA apportionment received was attributed to the cut in diesel price during FY 2015.

Federal Section 5307 allows eligible recipients to claim capital grant funds for maintenance costs and other projects such as routine bus replacements. Grant applicants may apply for FTA grants in an amount up to 80% of annual vehicle maintenance costs. The funds are reflected in the financial statements as Federal Operating Assistance. VTA considers a large portion of its bus maintenance costs for revenue and non-revenue vehicles as eligible expenses. For FY 2015, total grant revenues under this program were $24.1 million, a $17.5 million reduction from prior year. In the past, VTA’s practice was to use 100% of available Section 5307 funds for preventive maintenance to offset loss of Sales Tax Revenues and STA funding. Starting in FY 2012, VTA began to discontinue this practice with the goal of gradually reaching historic levels of preventive maintenance funding (35% for operating-related purposes and 65% in support of capital replacement).

Capital Grants – Capital grants include Federal Sections 5307 and 5309, other federal pass-through, various State transit-related capital grants, capital contribution from local agencies, and reimbursements received by VTA for capital expenses undertaken on behalf of other agencies. These were reported under the VTA Transit, Measure B Transit, and 2000 Measure A funds. Total capital grants increased $83.5 million or 43.1% to $277.4 million. This is primarily due to surge of activities in the federal and state funded Silicon Valley Berryessa Extension (SVBX), and Traction Power Substation, procurement of buses, and the Alum Rock/Santa Clara Bus Rapid Transit.

The 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 State Board of Equalization (SBOE) 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 2015, total sales tax revenues were $199.2 million, a $12.8 million or 6.9% growth compared to the prior fiscal year's sales tax revenue.

2000 Measure A Half-Cent Sales Tax Revenues – The 2000 Measure A Half-Cent Sales Tax is collected by the SBOE for VTA in the same manner as the 1976 Measure B Sales Tax. The 2000 Measure A Sales Tax revenues are reported in the 2000 Measure A fund and restricted for projects and operational activities included in the 2000 Measure A ballot. The collection of this tax occurred after the expiration of the 1996 Half-Cent Measure B Sales Tax on March 31, 2006. For FY 2015, total sales tax revenues were $199.7 million, a $13.4 million or 7.2% growth compared to the prior fiscal year's sales tax revenue.

BART Operating – In November 2008, county residents passed 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 2015, total sales tax revenue under the BART Operating Fund was $47.5 million.

Investment Earnings – The investment earnings are derived from three primary sources: short, mid, and long-term investment portfolios. Investment earnings were primarily recorded under 2000 Measure A Fund. Pursuant to VTA's adopted investment policy and California Government Code, 100% of surplus assets are invested in domestic fixed income investments.

The decrease in investment income of $437 thousand in FY 2015 was largely due to lower mark-to-market gains as a result of modestly higher interest rates.

Federal Subsidy for Build America Bonds (BABs) – In FY 2011, VTA issued 2010 Measure A Sales Tax Bonds which are taxable to the bond holders and recorded under 2000 Measure A Fund. The bonds were issued under the federal BABs program which provides a 35% interest cost subsidy to VTA. In compliance with Governmental Accounting Standards Board (GASB), VTA recognizes the BABs subsidy as an income item in its financial statements. In FY 2015, 2000 Measure A Fund reported BABs subsidy of $8.7 million, less by $40 thousand from the previous year as a result of the federal sequestration order.

Other income - In FY 2015, total other income was $20 million. Of this amount, $17 million was derived from the sales proceeds of Capitol Avenue Park-and-Ride lot and West San Carlos properties. The remaining includes permit fees, property rental revenue, sale of plans, parking citations and other non-operating income.

Comparison of
Enterprise Funds Expenses
FY 2015 and FY 2014
(In thousands)

			Change Favorable/(Unfavorable)	
Enterprise Funds Expenses	**2015**	**2014**	**Amount**	**Percent**
Operations and support services	$ 416,459	$ 409,406	$ (7,053)	(1.72%)
Caltrain and ACE subsidy	11,487	10,310	(1,177)	(11.42%)
Capital contributions to/or expenses on-behalf of other agencies	61,445	93,952	32,507	34.60%
Interest expense and other bond charges	15,204	27,088	11,884	43.87%
Other non-operating expenses	5,734	11,096	5,362	48.32%
Total	**$ 510,329**	**$ 551,852**	**$ 41,523**	7.52%

Operations and Support Services – Operations and support services expenses are incurred for bus and light rail operations, services and support programs in VTA Transit Fund. These expenses include labor, support services, contracted services, insurance, purchased transportation and other overhead costs related to bus and light rail operations. For FY 2015, operations and support services expense was $7 million or 1.7% higher compared to that of FY 2014. Labor and benefit costs increased by $6 million or 2.14% in FY 2015 as a result of an increase in labor rates and service hours (primarily a result of Levi's Stadium events and activities). Depreciation grew by $6.2 million as a result of depreciation on equipment, building improvement, and vehicles which were capitalized in 2015. These increases were partly offset by a drop in the costs of materials and supplies, insurance, and leases and rentals. The reduction in general liability insurance was a result of actuarial determination that the level of general liability insurance provision in FY 2015 was adequate. This is different from the previous year when general liability insurance was increased by $6.4 million based on actuarial estimate.

Caltrain and Altamont Commuter Express (ACE) Subsidy – Caltrain is a commuter rail service, provided by the Peninsula Corridor Joint Powers Board (PCJPB), which consists of 3 member agencies: VTA, San Mateo County Transit District (SamTrans) and City and County of San Francisco. VTA contributes a portion of Caltrain operating and maintenance costs for commuter train service from Santa Clara County to San Francisco. Operating subsidy to Caltrain under the VTA Transit Fund was $8.4 million in FY 2015, $1.1 million higher than the $7.3 million contributed in FY 2014.

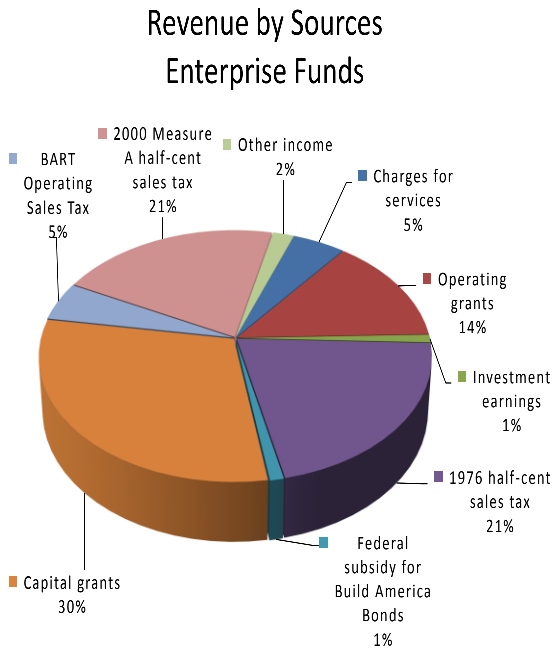
The ACE is administered by and funded under a cooperative agreement among VTA, the Alameda County Congestion Management Agency and the San Joaquin Regional Rail Commission (SJRRC). VTA's subsidy to ACE commuter rail service under the VTA Transit Fund totaled $3.1 million in FY 2015; $78 thousand more than the contribution in FY 2014. The annual subsidy was based on the joint powers agreement with these agencies.

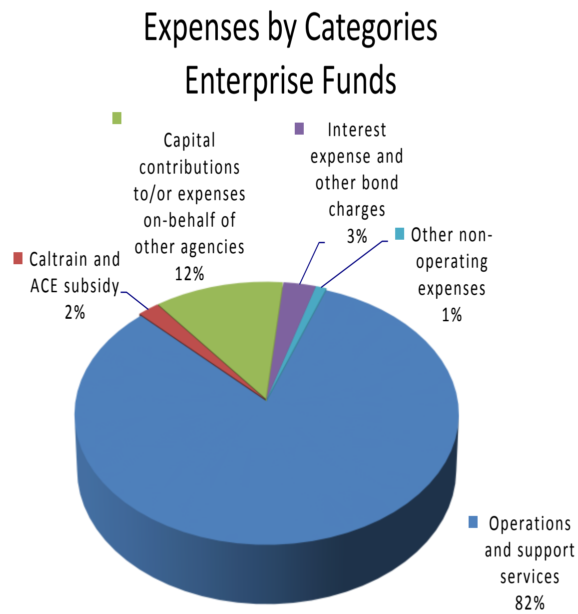
Capital Contributions to/or Expenses on Behalf of Other Agencies – As part of its capital program, VTA makes capital contribution to or undertakes capital projects jointly with other agencies. As the ownership of these capital assets does not rest with VTA, these capital expenses are reported as non-operating expenses on its financial statements. In FY 2015, total capital contributions to/or on behalf of other agencies were $61.4 million ($13.5 million in VTA Transit Fund, and $47.9 million in 2000 Measure A Fund), or $32.5 million lesser compared to the preceding year's level. This is largely due to decline in capital activities relating to projects such as Hayward Maintenance Center and Right-of-Way, as well as Mission/Warren/Freight Rail Relocation.

Interest Expense and other Bond Charges – Interest expense and other bond charges were $15.2 million; $11.9 million less compared to prior year, due to more interest expense being capitalized in FY 2015 in the 2000 Measure A Fund. As the 2010 taxable bonds were drawn down, the percentage of capitalized interest proportionately increased.

Other Non-Operating Expenses – Other non-operating expenses were $5.4 million less in FY 2015 largely due to completion of the project studies relating to new rail corridor and light rail operations analysis conducted by consultants.

Restatement of Net Position, Beginning of Year – To comply with GASB 68, the beginning net position was reduced by $189 million. This consists of $86 million for CalPERS and $103 million for ATU. GASB 68 requires that the liability of employers to employees for defined benefit pension (net pension liability) be reflected on the financial statements. Net pension liability is measured as the portion of the present value of projected benefit pension payments to current active and inactive employees that is attributed to their past period of service (Total Pension Liability), less the amount of the plan's fiduciary net position.





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 other VTA funds. As of June 30, 2015, the total deficit for this fund category, entirely from the Compensated Absences program, was $7.2 million and is funded by VTA Transit's FY 2016 operating budget.

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 two governmental fund types – *Special Revenue Fund* and *Capital Projects Fund*.

<u>*Special Revenue Fund*</u> – This fund accounts for the activities of the Congestion Management Program. The table that follows shows the details of changes in fund balance between the current and prior fiscal year:

Comparison of
Special Revenue Fund
FY 2015 and FY 2014
(In thousands)

Special Revenue Fund	2015	2014	Change Favorable/(Unfavorable) Amount	Change Favorable/(Unfavorable) Percent
Member agency assessment revenue	$ 2,407	$ 2,407	$ -	0.00%
Federal grant revenues	1,371	1,728	(357)	(20.66%)
State and local operating assistance grants	725	696	29	4.17%
Other revenues	250	279	(29)	(10.39%)
Administrative fees	119	112	7	6.25%
Investment earnings	9	23	(14)	(60.87%)
Total Revenues	4,881	5,245	(364)	(6.94%)
Salaries and benefits	(3,989)	(4,355)	366	8.40%
Professional services	(1,225)	(359)	(866)	(241.23%)
Contribution to agencies	(168)	(68)	(100)	(147.06%)
Material and Services	(19)	(25)	6	24.00%
Miscellaneous	(1)	-	(1)	(100.00%)
Total Expenses	(5,402)	(4,807)	(595)	(12.38%)
Change in fund balances	(521)	438	(959)	(218.95%)
Fund balances, beginning of year	2,020	1,582	438	27.69%
Fund balances, end of year	$ 1,499	$ 2,020	$ (521)	(25.79%)

Total fund revenues under Congestion Management Program, which primarily include member assessments and grants, were $4.9 million in FY 2015, a decline of $364 thousand from the preceding year, due primarily to a decrease in Surface Transportation Program grant revenue. Total expenditures were $5.4 million, an increase of $595 thousand from FY 2014. This is due to expenses incurred relating to professional consultant costs for monitoring and conformance, training guidelines and deployment of iTEAM (a model for partnering with Caltrans with efforts focus on local assistance, project delivery, and traffic engineering/innovative transportation solutions). The ending fund balance was $1.5 million.

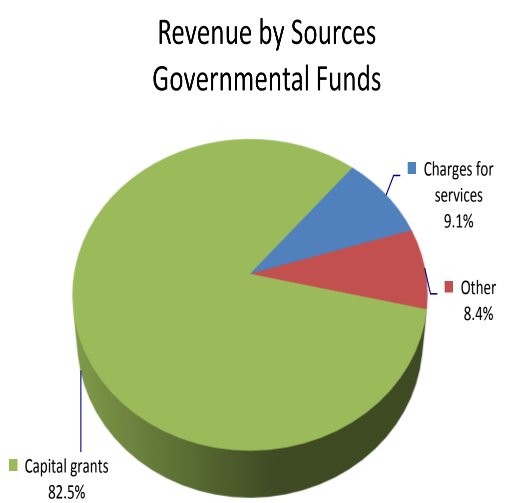
Capital Projects Fund – This fund accounts for VTA's two major capital programs – Congestion Management and Highway Program and Measure B Highway Program. The following table shows the details of changes in fund balance between the current and prior fiscal years:

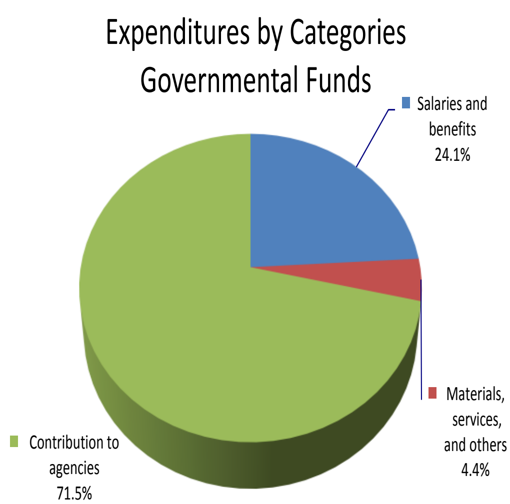
Comparison of
Capital Project Funds
FY 2015 and FY 2014
(In thousands)

Capital Projects Funds	**2015**	**2014**	**Change Favorable/(Unfavorable) Amount**	**Percent**
Federal, State, and local capital grant revenues	$ 22,964	$ 38,989	$ (16,025)	(41.10%)
VTA labor and overhead costs	(2,837)	(2,805)	(32)	(1.14%)
Capital expenditures on behalf of other agencies	(20,127)	(36,184)	16,057	44.38%
Change in fund balances	$ -	$ -	$ -	

For FY 2015, total revenues were $23 million which represent the total amount expended on the projects and end up being billed to other governmental agencies. This consists of $22.8 million in Congestion Management and Highway Program, and $203 thousand in Measure B Highway Fund.

The VTA labor and overhead costs primarily from Congestion Management and Highway Program were $32 thousand lower in FY 2015. Capital expenditures on behalf of other agencies were $20 million in FY 2015, a $16 million drop caused by lesser project activities, largely attributed to completed projects in FY 2015 (US101 Improvements I-280 to Yerba Buena, and US101 Widening Monterey Rd – Rt129) or those nearing completion (SR152/156 Improvements, I880/I280 Improvements-Stevens Creek, and US101/Capitol Expressway/Yerba Buena Interchange).





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, 2015 investment in capital assets net of accumulated depreciation, amounts to $4.1 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 2015, VTA expended $562.2 million on acquisition and construction of capital assets.

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

	2015	**2014**
Land and Right-of-way	$ 1,124,646	$ 1,126,373
Construction in Progress	2,177,750	1,728,066
Buildings & Improvements Equipment & Fixtures	265,191	257,841
Vehicles	333,183	273,708
Caltrain-Gilroy Extension	29,080	30,390
Light Rail Tracks/Electrification	156,194	171,373
Other Operating Equipment	7,705	10,689
Leasehold Improvements	6,331	6,773
Total	**$ 4,100,080**	**$ 3,605,213**

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

Long-term debt – At year end, VTA has $1.2 billion bonds outstanding. For FY 2015, the total debt payment made was approximately $36.43 million while the total amortization of the bond premium was $6.1 million. VTA refunded the $100.7 million of 2007 Measure A bonds in FY 2015.

Outstanding Debt
Proprietary Funds
(In thousands)

	2015	**2014**
Sr. Lien Sales Tax Revenue Bonds (1976 Tax)	$ 199,054	$ 210,535
Sr. Lien Sales Tax Revenue Bonds (2000 Tax)	961,711	983,255
Total	**$1,160,765**	**$1,193,790**

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

For Senior Lien Sales Tax Revenue Bonds secured by 1976 sales tax revenues, VTA maintains uninsured ratings of "AAA" from Standard & Poor's (S&P), "AA" rating from Fitch, and a "Aa2" rating from Moody's.

For Sales Tax Revenue Bonds secured by 2000 Measure A sales tax revenues, VTA maintains uninsured ratings of "Aa2" from Moody's and "AA+" from S&P.

Each of the two liens listed above has a separate series of 2007 bonds and each series has a bond insurance policy issued by Ambac Assurance Corporation insuring the timely payment of debt service. Since the credit ratings for Ambac Assurance Corporation are currently lower than ratings for the VTA's bond liens, 2007 bonds bear the rating of the respective sales tax bond liens as listed above.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Net Position
June 30, 2015
(In thousands)

	Business-Type Activities	Governmental Activities	Total
ASSETS			
Cash and investments	$ 352,764	$ -	$ 352,764
Receivables, net	3,221	-	3,221
Internal balances	294	(294)	-
Due from other agencies	77,764	-	77,764
Inventories	22,070	-	22,070
Other current assets	2,399	-	2,399
Net OPEB asset	20,650	-	20,650
Restricted assets:			
Cash and investments	869,421	14,508	883,929
Due from other agencies	143,046	6,698	149,744
Other current assets	235	6	241
Capital and other assets:			
Intangible Assets	3,966	-	3,966
Capital assets - nondepreciable	3,302,396	-	3,302,396
Capital assets - depreciable, net of accumulated depreciation	797,684	-	797,684
Total assets	5,595,910	20,918	5,616,828
DEFERRED OUTFLOW OF RESOURCES			
Accumulated decrease in fair value of hedging derivative, deferred amount on refunding, & deferred outflow of resources-pension related	127,922	-	127,922
LIABILITIES			
Accounts payable and accrued expenses	16,450	-	16,450
Deposits	328	-	328
Accrued payroll and related liabilities	8,529	-	8,529
Bond interest and other fee payable	553	-	553
Unearned revenues	3,201	-	3,201
Other accrued expenses	27	-	27
Liabilities payable from restricted assets:			
Accounts payable and accrued expenses	104,543	3,778	108,321
Bond interest and other fee payable	11,683	-	11,683
Unearned revenues	8,010	-	8,010
Due to other agencies	77,677	15,641	93,318
Long-term liabilities:			
Derivative instruments	83,451	-	83,451
Due within one year	52,181	-	52,181
Due in more than one year	1,363,133	-	1,363,133
Total liabilities	1,729,766	19,419	1,749,185
DEFERRED INFLOW OF RESOURCES			
Deferred inflow-pension related	18,864	-	18,864
Deferred amount on refunding	4,335	-	4,335
	23,199	-	23,199
NET POSITION			
Net investment in capital assets	2,950,181	-	2,950,181
Restricted:			
SWAP/lease collateral	77,381	-	77,381
Debt Service	49,009	-	49,009
Retention	8,700	-	8,700
2000 Measure A projects	550,650	-	550,650
1996 Measure B projects	1,678	-	1,678
BART Operating	135,416	-	135,416
Congestion management program	-	1,499	1,499
Unrestricted (Note 2j)	197,852	-	197,852
Total Net Position	$ 3,970,867	$ 1,499	$ 3,972,366

See Accompanying Notes to Basic Financial Statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Activities
For the Year ended June 30, 2015
(In thousands)

	Business-Type Activities	Governmental Activities	Total
	Transit	Congestion Management	
EXPENSES:			
Operations, support services, and CMP program	$ 407,618	$ 8,071	$ 415,689
Caltrain subsidy & capital expenses on behalf of, and contribution to other agencies	69,835	-	69,835
Altamont Commuter Express subsidy	3,097	-	3,097
Interest expense	15,204	-	15,204
Other non-operating expenses	5,734	-	5,734
Claims and change in future claim estimates	8,881	-	8,881
Contribution to agencies	-	168	168
Capital outlay on behalf of other agencies	-	20,127	20,127
Total expenses	510,369	28,366	538,735
PROGRAM REVENUES:			
Charges for services	43,054	2,526	45,580
Operating grants	134,796	2,096	136,892
Capital grants	277,421	22,964	300,385
Total program revenues	455,271	27,586	482,857
Net program revenues (expenses)	(55,098)	(780)	(55,878)
GENERAL REVENUES:			
Sales tax revenue	446,374	-	446,374
Investment income	9,420	9	9,429
Federal subsidy for Build America Bonds	8,715	-	8,715
Other income	20,993	250	21,243
Total general revenues	485,502	259	485,761
Change in Net Position	430,404	(521)	429,883
NET POSITION, BEGINNING OF YEAR	3,729,457	2,020	3,731,477
Adjustment due to GASB 68 implementation	(188,994)	-	(188,994)
NET POSITION, BEGINNING OF YEAR, (AS RESTATED)	3,540,463	2,020	3,542,483
NET POSITION, END OF YEAR	$ 3,970,867	$ 1,499	$ 3,972,366

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds
June 30, 2015
(In thousands)

	Enterprise Funds							
	VTA Transit	Measure B Transit	Express Lanes	2000 Measure A	BART Operating	Joint Development	Total Enterprise	Internal Service Fund
ASSETS								
Current assets:								
Cash and cash equivalents	$ 3,090	$ -	$ 297	$ -	$ -	$ 373	$ 3,760	$ 683
Investments	268,590	-	1,806	-	-	27,838	298,234	50,087
Receivables, net	3,221	-	-	-	-	-	3,221	-
Due from other agencies	77,764	-	-	-	-	-	77,764	-
Inventories	22,070	-	-	-	-	-	22,070	-
Other current assets	2,399	-	-	-	-	-	2,399	-
Restricted assets:								
Cash and cash equivalents	-	2,326	-	28,343	9,376	-	40,045	-
Cash and cash equivalents with fiscal agent	1,477	-	-	67,354	-	-	68,831	-
Investments	30,291	-	-	613,284	116,970	-	760,545	-
Due from other funds	294	25	-	8,054	-	-	8,373	-
Due from other agencies	-	-	-	133,954	9,092	-	143,046	-
Other current assets	-	-	-	235	-	-	235	-
TOTAL CURRENT ASSETS	409,196	2,351	2,103	851,224	135,438	28,211	1,428,523	50,770
Noncurrent assets:								
Net OPEB Asset	20,650	-	-	-	-	-	20,650	-
Intangible Assets	-	-	-	3,966	-	-	3,966	-
Capital assets - Non-depreciable:								
Land and right of way	1,124,646	-	-	-	-	-	1,124,646	-
Construction in progress	83,463	806	-	2,093,242	-	239	2,177,750	-
Capital assets - Depreciable:								
Caltrain - Gilroy extension	43,072	-	-	-	-	-	43,072	-
Buildings, improvements, furniture, and fixtures	548,139	-	-	-	-	-	548,139	-
Vehicles	566,821	-	-	-	-	-	566,821	-
Light-rail tracks and electrification	415,905	-	-	-	-	-	415,905	-
Leasehold Improvements	9,686	-	-	-	-	-	9,686	-
Others	47,156	-	-	-	-	-	47,156	-
Less accumulated depreciation	(833,095)	-	-	-	-	-	(833,095)	-
Net capital assets	2,005,793	806	-	2,093,242	-	239	4,100,080	-
TOTAL NONCURRENT ASSETS	2,026,443	806	-	2,097,208	-	239	4,124,696	-
TOTAL ASSETS	2,435,639	3,157	2,103	2,948,432	135,438	28,450	5,553,219	50,770
DEFERRED OUTFLOW OF RESOURCES								
Accumulated decrease in fair value of hedging derivative	15,026	-	-	68,425	-	-	83,451	-
Deferred Amount on Refunding	10,742	-	-	4,459	-	-	15,201	-
Deferred outflow of resources-pension related	29,270	-	-	-	-	-	29,270	-
TOTAL DEFERRED OUTFLOW OF RESOURCES	55,038	-	-	72,884	-	-	127,922	-
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	2,490,677	3,157	2,103	3,021,316	135,438	28,450	5,681,141	50,770

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position (*continued*)
Proprietary Funds
June 30, 2015
(In thousands)

	Enterprise Funds							
	VTA Transit	Measure B Transit	Express Lanes	2000 Measure A	BART Operating	Joint Development	Total Enterprise	Internal Service Fund
LIABILITIES								
Current liabilities:								
Current portion of long-term debt	14,310	-	-	-	-	-	14,310	-
Accounts payable and accrued expenses	16,242	-	112	-	-	3	16,357	93
Deposits	288	-	-	-	-	40	328	-
Accrued payroll and related liabilities	8,529	-	-	-	-	-	8,529	-
Bond interest and other fee payable	553	-	-	-	-	-	553	-
Unearned revenues	3,160	-	-	-	-	41	3,201	-
Other accrued expenses	27	-	-	-	-	-	27	-
Claims liability	-	-	-	-	-	-	-	3,259
Compensated absences	-	-	-	-	-	-	-	7,647
Liabilities payable from restricted assets:								
Current portion of long-term debt	-	-	-	26,965	-	-	26,965	-
Accounts payable and accrued expenses	-	-	-	104,521	22	-	104,543	-
Bond interest and other fee payable	-	-	-	11,683	-	-	11,683	-
Unearned revenues	-	-	-	8,010	-	-	8,010	-
Due to other funds	8,079	-	-	-	-	-	8,079	-
Due to other agencies	12,635	673	-	64,369	-	-	77,677	-
TOTAL CURRENT LIABILITIES	63,823	673	112	215,548	22	84	280,262	10,999
Non-current liabilities:								
Long-term debt, excluding current portion	184,744	-	-	934,746	-	-	1,119,490	-
Derivative instruments	15,026	-	-	68,425	-	-	83,451	-
Claims liability	-	-	-	-	-	-	-	27,053
Compensated absences	-	-	-	-	-	-	-	19,891
Net Pension Liability	196,699	-	-	-	-	-	196,699	-
TOTAL NON-CURRENT LIABILITIES	396,469	-	-	1,003,171	-	-	1,399,640	46,944
TOTAL LIABILITIES	460,292	673	112	1,218,719	22	84	1,679,902	57,943
DEFERRED INFLOW OF RESOURCES								
Deferred Inflow-Pension Related	18,864	-	-	-	-	-	18,864	-
Deferred Amount on Refunding	-	-	-	4,335	-	-	4,335	-
Total Deferred Inflow of Resources	18,864	-	-	4,335	-	-	23,199	-
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	479,156	673	112	1,223,054	22	84	1,703,101	57,943
NET POSITION								
Net Investment in Capital Assets	1,817,481	806	-	1,131,655	-	239	2,950,181	-
Restricted:								
BART Operating	-	-	-	-	135,416	-	135,416	-
SWAP/lease collateral	17,656	-	-	59,725	-	-	77,381	-
Debt service	1,477	-	-	47,532	-	-	49,009	-
Retention	-	-	-	8,700	-	-	8,700	-
2000 Measure A projects	-	-	-	550,650	-	-	550,650	-
1996 Measure B projects	-	1,678	-	-	-	-	1,678	-
Unrestricted (Note 2j)	174,907	-	1,991	-	-	28,127	205,025	(7,173)
TOTAL NET POSITION	$ 2,011,521	$ 2,484	$ 1,991	$ 1,798,262	$ 135,416	$ 28,366	$ 3,978,040	$ (7,173)

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

Net Position of Enterprise Funds	$ 3,978,040
Net Position of Internal Service Fund, which benefits Business-type Activities	(7,173)
Net Position (Page 2-22)	$ 3,970,867

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year ended June 30, 2015

(In thousands)

	Enterprise Funds							
	VTA Transit	Measure B Transit	Express Lanes	2000 Measure A	BART Operating	Joint Development	Total	Internal Service Fund
OPERATING REVENUES:								
Passenger fares	$ 39,108	$ -	$ -	$ -	$ -	$ -	$ 39,108	$ -
Toll revenues collected	-	-	1,157	-	-	-	1,157	-
Advertising and other	2,789	-	-	-	-	-	2,789	-
Charges for services	-	-	-	-	-	-	-	14,278
Total Operating Revenues	41,897	-	1,157	-	-	-	43,054	14,278
OPERATING EXPENSES:								
Labor cost	286,689	-	-	-	-	-	286,689	-
Materials and supplies	32,407	-	-	-	-	-	32,407	-
Services	27,884	-	871	-	106	22	28,883	-
Utilities	8,314	-	2	-	-	-	8,316	-
Casualty and liability	5,238	-	-	-	-	-	5,238	-
Purchased transportation	19,241	-	-	-	-	-	19,241	-
Leases and rentals	714	-	-	-	-	-	714	-
Miscellaneous	1,661	-	-	-	-	74	1,735	5,437
Depreciation expense and amortization	65,677	-	-	-	-	-	65,677	-
Costs allocated to capital and other programs	(32,441)	-	-	-	-	-	(32,441)	-
Claims and change in future claims estimates	-	-	-	-	-	-	-	8,882
Total Operating Expense	415,384	-	873	-	106	96	416,459	14,319
Operating Income/(Loss)	(373,487)	-	284	-	(106)	(96)	(373,405)	(41)
NON-OPERATING REVENUES (EXPENSES):								
Sales tax revenue	199,221	-	-	199,653	47,500	-	446,374	-
Measure A operating assistance	36,850	-	-	(36,850)	-	-	-	-
Federal operating assistance and other grants	24,553	-	-	-	-	-	24,553	-
Federal subsidy for Build America Bonds	-	-	-	8,715	-	-	8,715	-
State and local operating assistance grants	110,243	-	-	-	-	-	110,243	-
Caltrain subsidy	(8,390)	-	-	-	-	-	(8,390)	-
Capital expense on behalf of, and contribution to other agencies	(13,547)	-	-	(47,898)	-	-	(61,445)	-
Altamont Commuter Express subsidy	(3,097)	-	-	-	-	-	(3,097)	-
Investment earnings	2,445	-	17	5,568	952	136	9,118	303
Interest expense	(7,965)	-	-	(7,239)	-	-	(15,204)	-
Measure A repayment obligations	9,688	-	-	(9,688)	-	-	-	-
Other income	19,033	-	-	369	-	969	20,371	622
Other expense	(2,514)	-	-	(3,220)	-	-	(5,734)	-
Total Non-operating Revenues (Expenses)	366,520	-	17	109,410	48,452	1,105	525,504	925
Income (loss) before capital contributions and transfers	(6,967)	-	301	109,410	48,346	1,009	152,099	884
Capital grants and contributions	49,136	79	-	228,206	-	-	277,421	-
Transfer in/(out)	15,147	(4)	-	(30,118)	-	14,975	-	-
Change in net position	57,316	75	301	307,498	48,346	15,984	429,520	884
Net Position, beginning of year	2,143,199	2,409	1,690	1,490,764	87,070	12,382	3,737,514	(8,057)
Adjustment to Net Position due to GASB 68 Implementation	(188,994)	-	-	-	-	-	(188,994)	-
Net position, beginning of year, (as restated)	1,954,205	2,409	1,690	1,490,764	87,070	12,382	3,548,520	(8,057)
Net Position, end of year	$ 2,011,521	$ 2,484	$ 1,991	$ 1,798,262	$ 135,416	$ 28,366	$ 3,978,040	$ (7,173)

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	$ 429,520
Change in net position of the Internal Service Fund, which benefits Business-type Activities	884
Change in net position of Business-type Activities (Page 2-23)	$ 430,404

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2015

(In thousands)

	VTA Transit	Measure B Transit	Express Lanes	2000 Measure A	BART Operating	Joint Development	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from passenger fares	$ 40,212	$ -	$ -	$ -	$ -	$ -	$ 40,212	$ -
Cash received from Tolls	-	-	1,186	-	-	-	1,186	-
Cash received from advertising	2,973	-	-	-	-	-	2,973	-
Cash paid to employees	(255,977)	-	(872)	-	-	-	(256,849)	-
Cash paid to suppliers	(82,312)	-	(1)	-	(106)	(96)	(82,515)	-
Cash paid for purchased transportation	(19,241)	-	-	-	-	-	(19,241)	-
Cash received from contributions	-	-	-	-	-	-	-	14,278
Payments made to beneficiaries	-	-	-	-	-	-	-	(9,749)
Payments made to third party contractors	-	-	-	-	-	-	-	(4,146)
Other non-operating receipts/(payments)	1,546	-	35	24,698	2	431	26,712	345
Net cash provided by/(used in) operating activities	(312,799)	-	348	24,698	(104)	335	(287,522)	728
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Operating grants received	150,237	-	-	-	46,797	-	197,034	-
Sales tax received	197,029	-	-	197,320	-	-	394,349	-
Measure A operating assistance	36,904	-	-	(36,904)	-	-	-	-
Measure A repayment obligations	9,688	-	-	(9,688)	-	-	-	-
Caltrain subsidy	(8,390)	-	-	-	-	-	(8,390)	-
Altamont Commuter Express subsidy	(3,097)	-	-	-	-	-	(3,097)	-
Capital contributions to other agencies	(13,547)	-	-	(48,298)	-	-	(61,845)	-
Transfer in	15,147	-	-	-	-	14,975	30,122	-
Transfer out	-	-	-	(30,118)	-	-	(30,118)	-
Net cash provided by/(used in) non-capital financing activities	383,971	-	-	72,312	46,797	14,975	518,055	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Payment of long-term debt	(10,705)	-	-	(126,425)	-	-	(137,130)	-
Proceeds from issuance of long-term debt	-	-	-	89,980	-	-	89,980	-
Premium on issuance of long-term bonds	-	-	-	20,035	-	-	20,035	-
Issuance and other cost	-	-	-	429	-	-	429	-
Proceeds from sale of properties	16,732	-	-	-	-	-	16,732	-
Advance (to)/from other governments	(30,551)	(1,715)	-	9,164	-	-	(23,102)	-
Interest and other fees paid on long-term debt	(7,742)	-	-	(21,417)	-	-	(29,159)	-
Acquisition and construction of capital assets	(102,217)	(72)	-	(459,101)	-	(15)	(561,405)	-
Capital contribution from other governments	51,554	80	-	321,141	-	-	372,775	-
Net cash provided by/(used in) capital and related financing activities	(82,929)	(1,707)	-	(166,194)	-	(15)	(250,845)	-
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sale of investments	1,133,424	-	6,007	1,926,065	318,075	49,880	3,433,451	166,248
Purchase of investments	(1,136,228)	-	(6,134)	(2,022,251)	(361,808)	(64,969)	(3,591,390)	(176,254)
Interest income received	1,904	-	18	5,832	1,003	148	8,905	317
Net cash provided by/(used in) investment activities	(900)	-	(109)	(90,354)	(42,730)	(14,941)	(149,034)	(9,689)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(12,657)	(1,707)	239	(159,538)	3,963	354	(169,346)	(8,961)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,224	4,033	58	255,235	5,413	19	281,982	9,644
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 4,567	$ 2,326	$ 297	$ 95,697	$ 9,376	$ 373	$ 112,636	$ 683

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Cash Flows *(Continued)*

Proprietary Funds

For the Year Ended June 30, 2015

(In thousands)

	VTA Transit	Measure B Transit	Express Lanes	2000 Measure A	BART Operating	Joint Development	Total Enterprise Funds	Internal Service Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES:								
Operating income/(loss)	$ (373,487)	$ -	$ 284	$ -	$ (106)	$ (96)	$ (373,405)	$ (41)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:								
Depreciation	65,677	-	-	-	-	-	65,677	-
Changes in operating assets and liabilities:								
Other current assets	(1,213)	-	-	-	-	-	(1,213)	-
Receivables	59	-	-	-	-	-	59	-
Due from other agencies	-	-	29	-	-	-	29	-
Inventories	(1,876)	-	-	-	-	-	(1,876)	-
Accounts payable	(2,982)	-	-	-	-	-	(2,982)	-
Other accrued liabilities	(1,804)	-	-	-	-	-	(1,804)	424
Deposits from others	52	-	-	-	-	-	52	-
Unearned revenue	1,229	-	-	-	-	-	1,229	-
Other non operating receipts/(payments)	1,546	-	35	24,698	2	431	26,712	345
Net cash provided by/(used in) operating activities	$ (312,799)	$ -	$ 348	$ 24,698	$ (104)	$ 335	$ (287,522)	$ 728
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:								
Unrestricted:								
Cash and cash equivalents	$ 3,090	$ -	$ 297	$ -	$ -	$ 373	$ 3,760	$ 683
Restricted:								
Cash and cash equivalents	-	2,326	-	28,343	9,376	-	40,045	-
Cash and cash equivalents with fiscal agent	1,477	-	-	67,354	-	-	68,831	-
	$ 4,567	$ 2,326	$ 297	$ 95,697	$ 9,376	$ 373	$ 112,636	$ 683
NONCASH ACTIVITIES:								
Increase/(Decrease) in fair value of investments	$ (98)	$ -	$ (1)	$ (265)	$ (51)	$ (12)	$ (427)	$ (14)
Noncash capital contributions	2,419	-	-	92,935	-	-	95,354	-
Amortization expense of Caltrain Access Fee	-	-	-	(881)	-	-	(881)	-
Total non-cash activities	$ 2,321	$ -	$ (1)	$ 91,789	$ (51)	$ (12)	$ 94,046	$ (14)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2015
(In thousands)

	Special Revenue Fund	Capital Projects Funds		
	Congestion Management Program	Congestion Management & Highway Program	Measure B Highway Program	Total Governmental Funds
ASSETS				
Restricted assets:				
Cash and cash equivalents	$ 5	$ 6,736	$ 5,105	$ 11,846
Cash with fiscal agent	-	1,705	-	1,705
Investments	957	-	-	957
Due from other agencies	919	5,779	-	6,698
Other current asset	6	-	-	6
TOTAL ASSETS	$ 1,887	$ 14,220	$ 5,105	$ 21,212
LIABILITIES				
Liabilities payable from restricted assets:				
Accounts payable	$ 91	$ 3,667	$ 20	$ 3,778
Due to other funds	-	288	6	294
Due to other agencies	297	10,265	5,079	15,641
TOTAL LIABILITIES	388	14,220	5,105	19,713
FUND BALANCES				
Restricted for congestion management program	1,499	-	-	1,499
TOTAL LIABILITIES AND FUND BALANCES	$ 1,887	$ 14,220	$ 5,105	$ 21,212

See Accompanying Notes to Basic Financial Statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year ended June 30, 2015

(In thousands)

	Special Revenue Fund	Capital Projects Funds		
	Congestion Management Program	Congestion Management & Highway Program	Measure B Highway Program	Total Governmental Funds
REVENUES:				
Assessment to member agencies	$ 2,407	$ -	$ -	$ 2,407
Federal grant revenues	1,371	-	-	1,371
Administrative fees	119	-	-	119
State and local operating assistance grants	725	-	-	725
Federal capital grant revenues	-	3,770	-	3,770
State and local capital grant revenues	-	18,991	203	19,194
Other revenues	250	-	-	250
Investment earnings	9	-	-	9
TOTAL REVENUES	4,881	22,761	203	27,845
EXPENDITURES:				
Congestion Management:				
VTA labor and overhead costs	3,989	2,837	-	6,826
Professional services	1,225	-	-	1,225
Material and services	19	-	-	19
Miscellaneous	1	-	-	1
Contribution to agencies	168	-	-	168
Capital expenditures on behalf of other agencies	-	19,924	203	20,127
TOTAL EXPENDITURES	5,402	22,761	203	28,366
NET CHANGE IN FUND BALANCES	(521)	-	-	(521)
FUND BALANCES, BEGINNING OF YEAR	2,020	-	-	2,020
FUND BALANCES, END OF YEAR	$ 1,499	$ -	$ -	$ 1,499

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds	Agency Funds
ASSETS		
Restricted assets:		
Cash and Cash Equivalents	$ 1,734	$ 7,073
Corporate Bond	146,629	-
U.S. Government Securities	22,488	-
U.S. Agency notes	87,506	-
Equity Based	115,852	-
Mutual Funds	402,002	-
Money Market Funds	9,191	-
Investment Pool	367	20,821
Receivables	2,200	-
Prepaid Expenses	124	-
Due from other agencies	12	-
TOTAL ASSETS	$ 788,105	$ 27,894
LIABILITIES		
Liabilities payable from restricted assets:		
Accounts payable	$ 994	$ 188
Program payable	-	27,706
TOTAL LIABILITIES	994	$ 27,894
NET POSITION		
Restricted for:		
ATU Pension benefits	489,194	
Retiree medical benefits	275,427	
ATU Retiree spousal medical benefits	13,219	
ATU Retiree dental and vision benefits	9,271	
TOTAL NET POSITION	$ 787,111	

SANTA CLARA VALLEY TRANSPORTATION AGENCY

Statement of Changes in Fiduciary Net Position

For the Year ended June 30, 2015

(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ADDITIONS	
Employer Contributions	$ 39,547
Investment earnings:	
Investment income	39,029
Net depreciation in the fair value of investments	(5,734)
Investment expense	(2,612)
Net investment income	30,683
TOTAL ADDITIONS	70,230
DEDUCTIONS	
Benefit payments	45,695
Administrative expenses	410
TOTAL DEDUCTIONS	46,105
CHANGE IN NET POSITION	24,125
Net Position, Beginning of year	762,986
Net Position, End of year	$ 787,111

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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 also 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 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) and 1996 Measure B Transportation Improvement Program's (MBTIP) Ancillary Program. Annual contributions from 17 member agencies are based on a formula adopted by the VTA Board of Directors. The contribution formula considers each member agency's share of Proposition 111, state gas tax monies, 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 fiduciary activities. 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 to a significant extent 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.

The *Proprietary Funds* are used to account for activities for which a fee is charged to external or internal users for good or services. VTA reports the following *Enterprise Funds:*

- The *VTA Transit Fund* is used 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 *Measure B Transit Fund* is used to account for sales tax collected from all the 1996 Measure B Transit Improvement Program.
- The *Measure A Fund* is used to account for the 2000 Measure A Transit Improvement Program funded through 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 *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 *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 the following *Internal Service Funds:*

- The *Internal Service Funds* are 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 general 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).

- 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 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 (other than those accounted for in the Measure B Highway Program Capital Projects Fund).
- The *Measure B Highway Program Capital Projects Fund* is used to account for acquisition of capital assets or construction of Measure B Highway projects.

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

- VTA *Trust Funds* include retiree funds namely VTA/ATU Pension Plan, Other Post-Employment Benefits Trust (OPEB), and ATU Spousal Medical and Retiree Dental/Vision Plan.
- VTA *Agency Funds* include:
  - *Bay Area Air Quality Management District* (BAAQMD) which accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program.

- *Senate Bill (SB) 83 Vehicle Registration Fund* (VRF) was established to administer the vehicle registration fee collected under SB 83 and approved by voters in 2010.
- *Measure B Ancillary Program* was established to administer the 1996 Measure B funds.

(b) Basis of Accounting

The government-wide, business-type funds, and fiduciary funds financial statements are reported using the accrual basis of accounting and the economic resources exchange 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. Therefore, recorded sales taxes include an accrual for amounts collected by the State Board of Equalization but not remitted to VTA at the end of the fiscal year. Revenues from grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements for the purchase of right-of-way are considered met once the acquisition has settled. Fiduciary funds are also reported using accrual basis of accounting and the economic resources exchange measurement focus. Agency funds have no measurement focus.

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Interest earnings, certain state and federal grants, and charges for services are accrued if their receipts occur within 180 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

(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. Investment income is recognized as earned.

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. The balance available for withdrawal is based on the accounting records maintained by LAIF using an amortized cost basis. The fair value of VTA's investment in the pool is reported in the accompanying financial statements at amounts based on 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).

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.

VTA has reported its investments at fair value based on quoted market information, from its fiscal agent for actively managed accounts and from management firms for commingled accounts.

The fair value of VTA's investments commingled in LAIF state pool is based on VTA's cash positions in the commingled accounts as of the end of the fiscal year.

(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 and operating, as well as debt service and funds swap/lease collateral.

(f) *Bond Discounts, Premiums, and Bond Refunding Gains/Losses*

Bond refunding gains/losses for the government-wide statement of net position and the enterprise funds are reported as deferred inflow/outflow 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. Government-wide and enterprise fund bond discounts and premiums 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, and included in the capital asset accounting system 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. 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, improvements, furniture, and fixtures	5 to 50 years
Vehicles (excluding light-rail vehicles)	5 to 12 years
Light-rail tracks, electrification, and light-rail vehicles	25 to 45 years
Leasehold improvements	10 to 35 years
Other operating equipment	5 to 10 years

Depreciation on such assets is included in the accompanying statement of activities and enterprise statement of revenues, expenses, and changes in fund net position.

Interest is capitalized on construction in progress. Accordingly, interest that is capitalized is the total interest cost from the date of the borrowing until the specified asset is ready for its intended use. In the current year, VTA capitalized total interest expense and other bond charges of $36.3 million relating to the Measure A Transit Improvement Projects.

(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 14 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, 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 in this category.

  The Statement of Fund Net Position as of June 30, 2015, on pages 2-24 and 2-25 reports that enterprise fund net position invested in capital assets (net of related debt) is $3 billion.

- *Restricted Net Position* - This category consists of debt service collateral, SWAP/lease collateral, amounts restricted for Measure B Transit, 2000 Measure A capital programs, BART Operating, retention, and Congestion Management Program.

  The Statement of Fund Net Position on pages 2-24 and 2-25 reports that enterprise fund restricted net position amount to $823 million as of June 30, 2015, of which $667 million and $135 million are restricted by enabling legislation for the 2000 Measure A Sales Tax and BART Operating Sales Tax programs, respectively. The 2000 Measure A half-cent sales tax was approved by Santa Clara County voters to fund certain transportation-related projects. The BART

Operating 1/8-cent sales tax is dedicated to the operation, maintenance, improvement, and future capital needs of the BART Silicon Valley Extension. 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, have been earmarked for future capital and operating needs, as well as for other purposes in accordance with Board directives. Unrestricted Net Position earmarks within proprietary funds consist of the following (in thousands):

	Proprietary Funds				
	VTA Transit Fund	Express Lanes Fund	Joint Development Fund	Total Enterprise Funds	Internal Service Fund
Local share of capital projects	$ 86,672	$ -	$ 1,761	$ 88,433	$ -
Debt reduction	134,173	-	-	134,173	-
Express Lane	-	1,991	-	1,991	-
Joint Development	-	-	26,366	26,366	-
Irrevocable transfer made to OPEB trust fund	20,650	-	-	20,650	-
Sales Tax stabilization	35,000	-	-	35,000	-
Operating reserve	62,937	-	-	62,937	-
Inventory and prepaid expenses	24,469	-	-	24,469	-
Workers' Compensation, General Liability & Compensated Absences	-	-	-	-	(7,173)
GASB 68 Adjustment*	(188,994)	-	-	(188,994)	-
Total	$ 174,907	$ 1,991	$ 28,127	$205,025	$(7,173)

*Represents amount owed by VTA for benefits provided through a defined benefit pension plan. This consists of $86.18 million for CalPERS and $102.82 million for ATU.

(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 $32.4 million as costs allocated to capital and other programs. This amount represents a credit for direct and indirect labor and associated fringe benefits, reproduction and mileage costs, and other costs that were capitalized as construction in progress.

(l) Estimates

VTA’s management has made a number of estimates and assumptions relating to the reporting of assets and liabilities, revenues, expenses, and the disclosure of contingent liabilities to prepare the basic financial statements in conformity with GAAP. Actual results could differ from those estimates.

(m) Fund Balance - Governmental Funds

The Congestion Management Program Fund balance is 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) Spending Order Policy

When expenses are incurred for purposes for which both restricted and unrestricted fund balances are available, VTA considers restricted funds to have been spent first.

(o) Intangible Assets

These refer to the $10 million payment made to Union Pacific Rail Road in January 2005 for Caltrain right-of-way access right. This asset is amortized for 15 years.

(p) Transfers In/(Out)

The Transfers represent the interfund transactions between funds. During FY 2015, transfers consist mainly of the following:

i. Transfer from VTA Transit to Joint Development Fund of $15 million resulting from the sale of West San Carlos and Capitol Avenue Park-and-Ride lot properties, and

ii. Transfer of assets from 2000 Measure A Fund to VTA Transit Fund in the amount of $30.1 million for capitalized Bus Rapid Transit articulated buses.

(q) Restatement of Net Position, Beginning of Year

The beginning of the year net position was restated as a result of GASB Statement No. 68 implementation. The Statement requires the liability of employers to employees for defined benefit pensions (net pension liability) to be measured as the portion of the present value of projected benefit pension payments to current active and inactive employees that is attributed to their past period of service (total pension liability), less the amount of the pension plans' fiduciary net position. The total negative adjustment to beginning net position was $189 million ($86 million for CalPERS and $103 million for ATU).

(r) Future Accounting Pronouncements

GASB Statements 74 and 75: Other Post-Employment Benefit (OPEB) Reporting

In June 2015, GASB issued Statement Nos. 74 and 75: OPEB Reporting. These are revisions to Statements 43 and 45 that would make OPEB accounting and financial reporting consistent with the pension standards in Statements 67 and 68. The primary objective is to establish a consistent set of standards for all post-employment benefits, providing more transparent reporting of the liability and more useful information about the liability and costs of benefits. GASB Statements 74 and 75 are effective for fiscal years ending June 30, 2017, and June 30, 2018, respectively.

NOTE 3 - CASH AND INVESTMENTS

Total cash and investments as of June 30, 2015, are reported in the accompanying basic financial statements as follows (in thousands):

	Enterprise Funds	Internal Service Funds	Governmental Funds	Retiree Trust Funds	Agency Funds	Total
Unrestricted:						
Cash and Cash Equivalents	$ 3,760	$ 683	$ -	$ -	$ -	$ 4,443
Investment	298,234	50,087	-	-	-	348,321
Total unrestricted	301,994	50,770	-	-	-	352,764
Restricted:						
Cash and Cash Equivalents	40,045	-	11,846	1,734	7,073	60,698
Cash and Cash Equivalents with Fiscal Agents	68,831	-	1,705	-	-	70,536
Investments	760,545	-	957	784,035	20,821	1,566,358
Total restricted	869,421	-	14,508	785,769	27,894	1,697,592
Total Cash and Investments	$1,171,415	$ 50,770	$ 14,508	$785,769	$ 27,894	$2,050,356

As of June 30, 2015 total cash and investments among all funds consisted of the following (in thousands):

Cash & Cash Equivalents	$ 65,141
Cash & Cash Equivalents with Fiscal Agents	70,536
Investments	1,914,679
Total	$2,050,356

Cash and Cash Equivalents

VTA maintains checking accounts for its operations (including Joint Development, Express Lanes, and Internal Service Fund), the Congestion Management and Highway Programs (CM&HP), and the Measure B Transportation Improvement Program (Measure B account).

These checking accounts earn interest based on the bank's monthly sweep average repurchase agreement rate. At June 30, 2015, the carrying amounts of these cash balances are shown below (in thousands):

Operation Account	$	50,974
CM&HP Account		6,736
Measure B Account		7,431
Total Deposits	$	65,141

Investments

Government code requires that the primary objective of the trustee is to safeguard the principal, secondarily meet the liquidity needs of the depositors, and then achieve a reasonable return on the funds under the trustee's control. 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 credit risk
4. Concentration of credit risk

Specific restrictions of investment are noted below:

VTA's investment policies (VTA Investment of Unrestricted and Restricted Funds, ATU, and Retirees' Other Post-Employment Benefits Trust Fund) conform to state statutes, and provide written investment guidance regarding the types of investments that may be made and amounts, which may be invested in any one financial institution or amounts which may be invested in 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, bonds issued by VTA except BABs, bankers' acceptances, commercial paper, repurchase and reverse repurchase agreements, medium-term corporate notes, insured savings/money market accounts, negotiable certificates of deposit, mortgage and asset-back obligations, mutual funds, State of California's local agency agreements, and qualified structured investment. Asset allocations for ATU Pension Plan, ATU Spousal Medical Plan, and Retirees' OPEB are all included investments in bonds, equity securities, agency notes, mutual and money market funds, investment pool, and cash.

VTA's portfolio includes asset-backed securities, which are invested and managed by money managers and structured notes which are invested indirectly through LAIF. At June 30, 2015, investment in LAIF is $50 million. LAIF is voluntarily commingled within the state of California Pooled Money Investment Account (PMIA), whose balance at

June 30, 2015, was approximately $69.6 billion. If cash reserves of the state of California are exhausted, then the participation by the State's General Fund in the PMIA is zero. There is no correlation between the state's general fund cash reserves and VTA's funds on deposit in the LAIF. None of this amount was invested in derivative instruments. PMIA is not a Securities and Exchange Commission (SEC) registered pool, but it is required to invest in accordance with the guidelines established by the California Government Code. The average life of the investments in PMIA on June 30, 2015, was 239 days. The value of the pool shares in investment earnings are paid quarterly based on the average daily balance. Withdrawals from LAIF are completed on a dollar for dollar basis.

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. Of VTA's (Operation Funds and Plan Trust Funds) $1.91 billion in investments, 12.7% of the investments have a maturity of less than 1 year. Only 7.8% of the remainder has a maturity of more than 10 years. Per VTA's investment policy, long-term securities of more than five years are limited to 40% of the portfolio.

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Per its investment policy, VTA is permitted to hold investments in commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record. Negotiable certificate of deposit must have long-term ratings of A or better by two national rating agencies. Purchases of mortgage and asset-back obligations do not exceed 20% of VTA's portfolio. In addition, VTA is permitted to invest in the state's Local Agency Investment Fund, money market, and mutual funds that are non-rated. The table on page 2-46 shows the credit quality of VTA's investments as of June 30, 2015.

Custodial Credit Risk – Deposits – For deposits, custodial credit risk is the risk that in the event of a bank failure, VTA's deposits may not be returned to it. In accordance with VTA's requirements, all of its deposits are 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. California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of VTA's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. At June 30, 2015, VTA deposits were collateralized by securities held by the financial institutions, which was not in VTA's name.

Custodial Credit Risk – Investments – The custodial credit risk for investments is the risk that, in the event of a failure of the counterparty (e.g. broker-dealer) to a transaction, 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 its exposure to custodial credit risk by requiring that all securities owned by VTA are kept in safekeeping with "perfected interest" in the name of VTA by a third-party bank trust department, acting as agent for VTA under the terms of a custody agreement executed between the bank and VTA. As of June 30, 2015, VTA did not participate in reverse securities lending that would result in any possible risk in this area.

Concentration of Credit Risk – Concentration of credit risk is the risk that the failure of any one issuer would place an undue financial burden on VTA. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are exempt from this requirement, as they are normally diversified themselves. VTA's investments in U.S. Government or Agency investments at year end are 35.9%. There is no limitation on amounts invested in these types of issues per VTA's policy. At June 30, 2015, VTA had $283 million representing 14.8% of VTA's portfolio invested in debt securities issued by the US Government Agencies. At June 30, 2015, VTA had $140.5 million, $73.4 million, and $25 million representing 7.3%, 3.8%, and 1.3% of VTA's portfolio invested in debt securities issued by the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLM), and Federal Farms Credits (FHR), respectively. Of the 27.1% of the portfolio invested in equities, no investment in a single issuer exceeds 5%.

Certain investments, such as obligations that are backed by the full faith and credit of the United States Treasury are not subject to credit ratings. The following schedule indicates the maturity of investments at June 30, 2015 (in thousands):

Investment Type	Maturity: Less than 1 Year	2-5 Years	6-10 Years	Over 10 Years	Market Value
Corporate Bonds - Commingled[1]	$ 100,409	$ 388,182	$ 9,795	$ 510	$ 498,896
Corporate Bonds - Pension Plan	2,260	27,327	30,681	34,571	94,839
Corporate Bonds - OPEB Trust	1,681	17,075	19,427	13,607	51,790
US Government Agency Bonds					
Commingled	22,396	155,967	17,110	-	195,473
Pension Plan	525	853	555	50,329	52,262
OPEB Trust	-	199	3,001	32,043	35,243
US Treasury					
Commingled	36,720	315,669	28,725	-	381,114
Pension Plan	6,422	1,238	-	-	7,660
OPEB Trust	8,009	6,821	-	-	14,830
Subtotal	**178,422**	**913,331**	**109,294**	**131,060**	**1,332,107**
Money Market Funds - Commingled	5,528	-	-	-	5,528
Money Market Funds - Pension	6,151	-	-	-	6,151
Money Market Funds - OPEB Trust	3,040	-	-	-	3,040
Cash with Fiscal Agents - Commerical Paper/CD	67,319	-	-	-	67,319
TOTAL INVESTMENTS with Money Managers	**260,460**	**913,331**	**109,294**	**131,060**	**1,414,145**
LAIF	50,000	-	-	-	50,000
Subtotal	**$ 310,460**	**$ 913,331**	**$ 109,294**	**$ 131,060**	**1,464,145**
Equity-Based Investments					517,853
Retention Fund at Escrow Agents (Deposits)					3,217
Cash Deposits [1]					65,141
TOTAL					**$ 2,050,356**

[1] $387,000 in Retirees, ATU, ATU Spousal Medical Plan are included in these line items.

The following is a summary of the credit quality distribution for investments with credit exposure as a percentage of total investments as rated by Standard and Poor's:

	Fair Value (In Thousands)	Percentages of Portfolios
Not Applicable	$ 650,931	31.75%
US Treasuries	403,602	19.69%
B+	2,622	0.13%
BB	5,999	0.29%
BB+	8,131	0.40%
BBB	31,171	1.52%
BBB-	16,177	0.79%
BBB+	59,122	2.88%
A-1	57,818	2.82%
A-1+	67,319	3.28%
A	97,472	4.75%
A-	117,321	5.72%
A+	49,860	2.43%
AA	28,304	1.38%
AA-	21,507	1.05%
AA+	332,740	16.23%
AAA	100,260	4.89%
TOTAL	**$ 2,050,356**	**100.00%**

As of June 30, 2015, the Retiree Trust Funds restricted investments consisted of the following (in thousands):

ATU Pension Plan Investments	$ 487,537
ATU Spousal Medical Investment	22,490
Retirees Medical Trust	274,008
Total	$ 784,035

NOTE 4 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2015, is as follows (in thousands):

Due from other funds	Due to other funds	Amount
VTA Transit Fund	Congestion Management & Highway Program Fund	$ 288 [1]
VTA Transit Fund	Measure B Highway Program Fund	6 [1]
Measure B Transit	VTA Transit Fund	25 [2]
Measure A	VTA Transit Fund	8,054 [3]
		$8,373

[1] Represents mainly labor cost
[2] Drawdown made for Measure B to close out a grant
[3] Represents preventive maintenance to be transferred to Measure A upon receipt, and true–up of sales tax relating to Measure A operating assistance.

NOTE 5 – DUE FROM AND DUE TO OTHER AGENCIES

Due from other agencies as of June 30, 2015, consisted of the following (in thousands):

	Business-Type Activities	Fiduciary-Type Activities	Governmental Activities		
DUE FROM OTHER AGENCIES	Enterprise Funds	Fiduciary Funds	Congestion Management Program	Congestion Management & Highway Program	Total
Federal Government	$ 85,526	$ -	$ -	$ 1,910	$ 87,436
State Government	120,514	-	846	2,928	124,288
Cities and other local agencies	14,770	12	73	941	15,796
	$ 220,810	$ 12	$ 919	$ 5,779	$ 227,520

Due from other agencies as of June 30, 2015, is reported in the accompanying general-purpose financial statements as follows (in thousands):

	Business-Type Activities	Fiduciary-Type Activities	Governmental Activities		
ASSETS	Enterprise Funds	Fiduciary Funds	Congestion Management Program	Congestion Management & Highway Program	Total
Current Assets (Unrestricted)	$ 77,764	$ -	$ -	$ -	$ 77,764
Current Assets (Restricted)	143,046	12	919	5,779	149,756
	$ 220,810	$ 12	$ 919	$ 5,779	$ 227,520

Due to other agencies as of June 30, 2015, consisted of the following (in thousands):

	Business-Type Activities	Governmental Activities			
DUE TO OTHER AGENCIES	Enterprise Funds	Congestion Management Program	Congestion Management & Highway Program	Measure B Highway Program	Total
State Government	$ 56,580	$ -	$ 29	$ -	$ 56,609
County of Santa Clara	7,733	297	7,926	5,079	21,035
City of Milpitas	-	-	364	-	364
City of San Jose	-	-	80	-	80
City of Sunnyvale	-	-	1,739	-	1,739
City of Fremont	76	-	-	-	76
Misc. - Outreach	4,289	-	-	-	4,289
SCVWD	8,999	-	-	-	8,999
Misc.- Others	-	-	127	-	127
Total	$ 77,677	$ 297	$ 10,265	$ 5,079	$ 93,318

Due to other agencies as of June 30, 2015, is reported in the accompanying basic financial statements as follows (in thousands):

	Business-Type Activities	Governmental Activities			
LIABILITIES	Enterprise Funds	Congestion Management Program	Congestion Management & Highway Program	Measure B Highway Program	Total
Liabilities payable from restricted assets	$ 77,677	$ 297	$ 10,265	$ 5,079	$ 93,318

NOTE 6 – CAPITAL ASSETS

Capital asset changes for VTA's business-type activities for the year ended June 30, 2015, were as follows (in thousands):

	July 1, 2014	Additions	Retirements	Transfers	June 30, 2015
Capital assets, not being depreciated					
Land and right-of-way	$ 1,126,373	$ -	$ (1,727)	$ -	$ 1,124,646
Construction in progress	1,728,066	561,859	-	(112,175)	2,177,750
Total capital assets, not being depreciated	2,854,439	561,859	(1,727)	(112,175)	3,302,396
Capital assets, being depreciated					
Caltrain - Gilroy extension	43,072	-	-	-	43,072
Buildings improvements, furniture and fixtures	516,184	359	(316)	31,912	548,139
Vehicles	488,229	-	(605)	79,197	566,821
Light-rail tracks and electrification	415,905	-	-	-	415,905
Leasehold improvement	9,686	-	-	-	9,686
Other operating equipment	46,062	28	-	1,066	47,156
Total capital assets, being depreciated	1,519,138	387	(921)	112,175	1,630,779
Accumulated Depreciation					
Caltrain - Gilroy extension	(12,682)	(1,310)	-	-	(13,992)
Buildings, improvements, furniture and fixtures	(258,343)	(24,921)	316	-	(282,948)
Vehicles	(214,521)	(19,722)	605	-	(233,638)
Light-rail tracks and electrification	(244,532)	(15,179)	-	-	(259,711)
Leasehold improvement	(2,913)	(442)	-	-	(3,355)
Other operating equipment	(35,373)	(4,078)	-	-	(39,451)
Total accumulated depreciation	(768,364)	(65,652)	921	-	(833,095)
Total capital assets, being depreciated, net	750,774	(65,265)	-	112,175	797,684
Total capital assets, net	$ 3,605,213	$ 496,594	$ (1,727)	$ -	$ 4,100,080

Construction in Progress (CIP) includes capitalized costs and right-of-way acquisitions associated with the following projects as of June 30, 2015, (in thousands):

Bus Program	74,123
Commuter Rail Program	2,072
Information Systems Technology	23,424
Light Rail - Way, Power & Signal	20,240
Light Rail Program	169,954
Operating Facilities & Equipment	14,023
Passenger Facilities	1,975
Revenue Vehicles & Equipment	20,702
Silicon Valley Rapid Transit	1,846,902
Vasona Corridor Projects	3,886
Others	449
Total	2,177,750

Additional information regarding projects in progress as of June 30, 2015, is as follows (in thousands):

Information Regarding Capital Projects:	Costs
Total Board approved capital budget	$ 4,464,814
Capital expenses settling to CIP	(2,177,750)
Capital expenses settling to capital assets	(112,175)
Capital expenses settling to expense	(745,119)
Remaining capital budget available	$ 1,429,770
Anticipated funding sources are as follows:	
Federal, state, and other local assistance	$ 631,887
Local contributions	797,883
Total funding sources	$ 1,429,770

VTA has outstanding commitments of about $741.3 million as of June 30, 2015, related to the above capital projects.

NOTE 7 - LONG-TERM DEBT & LIABILITIES

Long-term debt as of June 30, 2015, consisted of the following (in thousands):

Secured by VTA's 1976 Measure A 1/2 Cent Sales Tax:	
2007 Series A Refunding ($14,060 plus unamortized premium of $167)	$ 14,227
2008 Series A-C Refunding	146,325
2011 Series A ($35,800 plus unamortized premium of $2,702)	38,502
Sales tax revenue bonds secured by VTA'S 2000 Measure A 1/2-cent sales tax:	
2007 Series A ($6,210 plus unamortized premium of $103)	6,313
2008 Series A-D Measure A Refunding	235,875
2010 Series A-B Refunding ($601,175 plus unamortized premium of $8,333)	609,508
2015 Series A-B Refunding ($89,980 plus unamortized premium of $20,035)	110,015
Total Long Term Debt	1,160,765
Less: Current portion of long-term debt	(41,275)
Long term debt, excluding current portion	$ 1,119,490

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

- $26.3 million of 2007 Series A Sales Tax Revenue Refunding Bonds (2007 Bonds) were issued, at a true interest cost of 3.97%, to refund and completely pay off a portion of the 1997 Series A Sales Tax Revenue Bonds, maturing in series on each June 1st from 2010 – 2021. Proceeds of the 2007 Bonds were deposited into an escrow account held by a Trustee, and were used to pay the principal and accrued interest on the refunded bonds on the redemption date of June 1, 2007; therefore, there are no refunded bonds outstanding and no funds remaining in escrow. The 2007 Bonds have a final maturity of June 1, 2021. 2007 Bonds maturing on or before June 1, 2017, are not subject to redemption prior to their respective stated maturities. The 2007 Bonds maturing on or after June 1, 2018, are subject to redemption prior to their stated maturities any time on or after June 1, 2017.

- $168.6 million of 2008 Series A-C Sales Tax Revenue Refunding Bonds (2008 VTA Bonds) were issued to implement a current refunding and completely pay off the 2005 Sales Tax Revenue Refunding Bonds originally issued to finance the retirement of a portion of 2001 Bonds. There is no escrow fund nor are there 2005 Sales Tax Revenue Refunding Bonds outstanding. The 2008 VTA 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 VTA Bonds at par value. The maturities of the 2008 VTA Bonds extend to June 1, 2026, 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 VTA Bonds, VTA transferred interest rate swap agreements (originally entered into concurrent with the issuance of the retired 2005 Sales Tax Revenue Refunding Bonds). Pursuant to the terms of the swap agreements, VTA pays interest at a fixed rate of 3.145% to the counterparties to the swaps. In return, the counterparties pay VTA interest based on a formula (lower of 1 Month LIBOR[1] or a rate equal to the greater of 63.5% of 1 Month LIBOR, or 55.5% of 1 Month LIBOR plus 0.44%). The outstanding principal on the 2008 VTA Bonds is used as the basis on which the interest payments are calculated. Under certain circumstances, the agreements are subject to termination before maturity of the 2008 VTA Bonds.

- $47.5 million of 2011 Series A Sales Tax Revenue Refunding Bonds (2011 Bonds) were issued, at a true interest cost of 2.73%, to refund the 1998 Series A Sales Tax Revenue Bonds and the 2000 Series A Sales Tax Revenue Bonds (collectively, the "Refunded Bonds"), maturing in series on each June 1st from 2012 – 2028. The Refunded Bonds were variable rate bonds, which were issued through the California Transit Finance Authority. The bonds were refunded in order to reduce bank and interest rate risk associated with variable rate demand bonds. Proceeds of the 2011 Bonds were deposited into an escrow account held by a Trustee, and were used to pay the principal and accrued interest on the refunded bonds on the redemption date of

[1] London Inter Bank Offering Rate (LIBOR) is a daily reference rate based on the interest rate at which banks offer to lend unsecured funds to other banks in the London wholesale (interbank) money market.

October 5, 2011. There are no 1998 Series A Sales Tax Revenue Bonds or 2000 Series A Sales Tax Revenue Bonds outstanding, and no funds remaining in escrow. 2011 Series A Bonds maturing on or before June 1, 2021, are not subject to redemption prior to their respective stated maturities. The 2011 Bonds maturing on or after June 1, 2022, are subject to redemption prior to their stated maturities any time on or after June 1, 2021.

(b) Sales Tax Revenue Bonds, secured by 2000 Measure A ½-cent sales tax revenues

- $120.1 million of 2007 Measure A Series A Sales Tax Revenue Refunding Bonds (2007 Measure A Bonds) were issued, at a true interest cost of 4.6%, to current refund Series F and G of the 2006 Measure A Sales Tax Revenue Bonds, none of which remain outstanding. Proceeds of the 2007 Measure A Bonds were deposited into an escrow account held by a Trustee, and were used to fully pay the principal and accrued interest on the refunded bonds on the redemption date of November 6, 2007. There is no open escrow or refunded bonds outstanding. Maturities for the 2007 Measure A Bonds originally extended to April 1, 2036. 2007 Measure A Bonds maturing on or before April 1, 2017, are not subject to redemption prior to their respective stated maturities. 2007 Measure A Bonds maturing on or after April 1, 2018 are subject to redemption any time on or after April 1, 2017. In February 2015, VTA refunded the Measure A 2007 Series A bonds that mature on and after April 1, 2018, by issuing the 2015 Measure A Series A and Series B bonds (see below). Following the refunding and subsequent payment of the bonds maturing on April 1, 2015, the only 2007 Measure A bonds outstanding are those maturing on April 1, 2016 and 2017.

- $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, none of which remain outstanding) were reassigned to the 2008 Measure A Bonds. Pursuant to the terms of the swap agreements, VTA pays interest at a fixed rate of 3.765% to the counterparties to the swaps. In return, the counterparties pay VTA a variable rate of interest equal to 65% of three-month LIBOR. The outstanding principal is used as the basis on which the interest payments are calculated. Under certain circumstances, the agreements are subject to termination before maturity of the 2008 Measure A Bonds.

- $645.9 million of 2010 Measure A Bonds were issued, at a true interest cost of 3.54%, to fund certain 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). VTA receives the federal subsidy of 35% on its interest cost for Build America Bonds. Both are fixed interest bonds. The bonds have a final maturity date of April 2, 2032. 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-B were issued to current refund the 2007 Measure A Series A bonds maturing on April 1, 2018, or later. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The refunding bonds were issued at an all-in true interest cost of 2.92%. The economic gain, which is calculated by comparing the present value of the original issue debt service to the present value of the refunded issue debt service, is $14.5 million.

(c) Interest Rate Swaps

VTA has seven interest rate swap agreements outstanding as of year-end. Three require that VTA pay fixed interest rates and receive variable interest at the lower of: 1)1 month LIBOR or, 2) a rate equal to f 63.5% of 1 month LIBOR or 55.5% of 1 month LIBOR plus 0.44%, whichever is greater. Four agreements require that VTA pay fixed interest rates and receive interest at 65% of three-month LIBOR.

(d) Summary

The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2015 were as follows (dollars in thousands):

Associated Bonds	Current Notional	Effective Date	Fixed Rate Paid	Variable Received	Fair Value*	Termination Date	Counterparty Credit Rating[CR]
2008A	$ 58,595	7/7/2005[ED]	3.145%	Cal-E[VR]	$ (6,016)	6/1/2026	Aa2,AAA,NR[†]
2008B	43,865	7/7/2005[ED]	3.145%	Cal-E[VR]	(4,505)	6/1/2026	A1/A/A+
2008C	43,865	7/7/2005[ED]	3.145%	Cal-E[VR]	(4,505)	6/1/2026	A3,A-,A
MA 2008A	85,875	8/10/2006	3.765%	65% 3Mo LIBOR	(24,910)	4/1/2036	A1/A/A+
MA 2008B	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(14,505)	4/1/2036	A1,A,A+
MA 2008C	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(14,505)	4/1/2036	Aa2,AAA,NR[†]
MA 2008D	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(14,505)	4/1/2036	A3,A-,A
Total	$ 382,200				$(83,451)		

[CR]Moody's, Standard and Poor's and Fitch, respectively.
[ED]Amended June 26, 2008 to reflect on-market fixed rate to be paid of 3.145%.
[VR]Lower of 1 month LIBOR; or a rate equal to 63.5% of 1 month LIBOR or 55.5% of 1 month LIBOR plus 0.44%, whichever is greater.
[†]NR - No rating for Fitch
*This represents the fair value of the base amount without the accrued interest of $2.5 million.

Objective of the Swaps: The objective of the swaps is to hedge VTA's exposure to variable rate risk by synthetically fixing its interest costs at rates anticipated to be less than what VTA otherwise would have paid to issue fixed rate debt in the tax-exempt municipal bond market.

Fair Values: At June 30, 2015, the swaps had a negative fair value of $83 million. This is because interest rates have declined since the execution of the swaps. Because the coupons on VTA's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value increases or decreases. The fair values of the interest rate swaps were estimated using the zero-coupon method. In accordance with GASB 53, the swaps were tested and determined to be effective derivative instruments using regression analysis and therefore were recorded as deferred outflow of resources in the assets section and as a derivative instrument liability in the liability section of the statement of net position.

Credit Risks: It is VTA's policy to enter into derivative agreements only with highly rated counterparties. 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, 2015. 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 certain events. VTA is entitled to collateral in an amount up to 100% of the swap's fair value as identified in the following table:

Swap	Amount of Collateral Required	Rating Threshold for Collateral Requirement[CR]	Rating Threshold for 100% Collateral
2008A	$ 5,000,000	A3/A-	Baa1/BBB+
2008B	7,000,000	A2/A	A3/A-
2008C	5,000,000	A3/A-	Baa1/BBB+
MA2008A	7,000,000	A2/A	A3/A-
MA2008B	7,000,000	A2/A	A3/A-
MA2008C	5,000,000	A3/A-	Baa1/BBB+
MA2008D	5,000,000	A3/A-	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 enters into derivative agreements with multiple counterparties to limit concentration of credit risk. Currently, VTA has interest rate swaps with four different counterparties and no counterparty accounts for more than 35% of outstanding notional. VTA monitors counterparty credit risk on an ongoing basis.

Basis Risk: The variable rate debt hedged by VTA's interest rate swaps are variable rate demand obligation (VRDO) bonds that are remarketed weekly. VTA is exposed to basis risk because the variable rate receipts from the swap 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 payments on the hedged obligations are not offset by the variable receipts from the swap. On June 30, 2015, the weighted average interest rates of the variable rate debt associated with the 2008 VTA VRDO Bonds was 0.055%. The interest rate for variable rate payments received from the counterparties pursuant to the swaps was 0.187%. The weighted average interest rates of the variable rate debt associated with the 2008 Measure A VRDO Bonds was 0.055%, and the interest rate for variable rate payments received from the counterparties pursuant to the swaps was 0.182%.

Interest Rate Risk: Interest payments on VTA's variable rate debt will typically increase as interest rates increase. VTA believes it has significantly reduced interest rate risk by entering into pay-fixed, receive floating interest rate swaps. As interest rates increase, variable rate debt interest payments increase and net swap payments decrease. As interest rates decrease, variable rate debt interest payments decrease and net swap payments increase.

<u>Rollover Risk:</u> Rollover risk is the risk that a hedging derivative instrument associated with a hedgeable items does not extend to the maturity of that hedgeable item. All of VTA's swap agreements have maturities equal to the term of the bonds.

*<u>Termination Risk</u>***:** VTA has the right to terminate any swap at its option at any time. In addition, each counterparty may terminate a swap if VTA fails to perform under the terms of the contract. Furthermore, the terms of the agreements provide for Additional Termination Events in the event that the ratings of either the counterparty or the unenhanced long-term revenue bonds ratings of VTA are downgraded below Baa3 by Moody's or BBB- by S & P. An additional termination event, if it occurs, could cause a substantial termination payment to be owed by VTA. As of the end of the period, VTA's unenhanced long-term revenue bond rating is Aa2 by Moody's and AAA by S&P (AA+ for Measure A secured bonds).

<u>Tax Risk:</u> As with other forms of variable rate exposure and the relationship between the taxable and tax-exempt markets, VTA is exposed to tax risk should tax-exempt interest rates on variable rate debt issued in conjunction with the swaps rise faster than taxable interest rates received by the swap counterparties, due particularly to reduced federal or state income tax rates, over the term of the swaps.

<u>Foreign Currency Risk:</u> All of VTA's swaps are denominated in US Dollars and therefore VTA is not exposed to foreign currency risk.

<u>Commitments:</u> All of the swap agreements contain provisions that require collateral posting by VTA at specific fair value amounts based on VTA's unenhanced long term credit ratings during times when the swaps are in liability positions (negative fair value). For swaps associated with long-term variable rate bonds secured by VTA's 1976 Sales Tax Revenues, VTA is required to post the full collateralization of the fair value of the transactions should VTA's credit rating fall below A or A2 for one of the swaps and below A- or A3 for two of the swaps. For the swaps associated with long-term variable rate bond secured by 2000 Measure A Sales Tax Revenues, VTA is required to post the full collateralization of the fair value of the transaction should the long-term unenhanced rating fall below A or A2 for two swaps, and below A- or A3 for the other two swaps. In addition, each credit support annex requires collateral posting at various rating levels and threshold amounts. Collateral generally consists of cash, U.S. Government securities and U.S. Agency securities. As of June 30, 2015, VTA had $8.7 million of cash collateral posted with one counterparty, related to a swap associated with the long-term variable rate bonds secured by 2000 Measure A Sales Tax Revenues.

(e) Swap Payments and Associated Debt

Using rates as of June 30, 2015, debt service requirements on VTA's swap-related variable rate debt and net swap payments are as follows. As rates vary, variable rate bond interest payments and net swap payments will vary (dollars in thousands).

Year Ending June 30	Principal Total	Remarketing Interest Total	Interest Rate Swap-Net Total	Debt Service Total
2016	$ 10,165	$ 151	$ 12,754	$ 23,070
2017	10,465	147	12,452	23,064
2018	10,775	144	12,142	23,061
2019	11,095	140	11,823	23,058
2020	11,425	136	11,493	23,054
2021 - 2025	75,225	612	51,896	127,733
2026 - 2030	17,175	507	42,717	60,399
2031 - 2035	173,600	411	34,630	208,641
2036	62,275	20	1,673	63,968
	$ 382,200	$ 2,268	$ 191,580	$ 576,048

Long-Term Debt Obligation Summary

Interest Rates on all outstanding fixed-rate obligations range from 3.00% - 5.00%. Interest on the variable rate debt is reset weekly based upon market conditions. Projected principal and interest obligations as of June 30, 2015, are as follows:

(Dollars in thousands)	**Principal**	**Interest**	**Total**
Year ending June 30:			
2016	$ 41,275	$ 53,194	$ 94,469
2017	42,980	51,458	94,438
2018	44,875	49,599	94,474
2019	46,485	47,646	94,131
2020	48,580	45,529	94,109
2021-2025	274,845	192,726	467,571
2026-2030	259,175	121,942	381,117
2031-2035	301,880	49,755	351,635
2036	69,330	2,023	71,353
	1,129,425	$ 613,872	$1,743,297
Unamortized bond premium	31,340		
Total debt	1,160,765		
Less current portion	(41,275)		
Long-term portion of debt	$1,119,490		

(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

(Dollars in thousands)	July 1, 2014	Additions	Reductions	June 30, 2015	Amounts Due Within One Year
Sales Tax Revenue Bonds Secured by 1976 ½ Cent Sales Tax					
2007 Series A	$ 16,420	$ -	$ 2,360	$ 14,060	$ 2,015
2008 Series A-C	150,895	-	4,570	146,325	10,165
2011 Series A	39,575	-	3,775	35,800	2,130
Sales Tax Revenue Bonds Secured by 2000 Measure A ½ Cent Sales Tax					
2007 Series A	109,755	-	103,545	6,210	3,040
2008 Series A-D	235,875	-	-	235,875	-
2010 Series A-B	624,055	-	22,880	601,175	23,925
2015 Series A-B	-	89,980	-	89,980	-
Total Outstanding Debt	1,176,575	89,980	137,130	1,129,425	41,275
Plus (less) premiums/discounts	17,216	20,274	6,150	31,340	-
Outstanding Debt, Net	1,193,791	110,254	143,280	1,160,765	41,275
Derivative Instruments Liability	76,104	8,139	792	83,451	-
Claims Liability:					
General Liability	11,461	3,183	2,765	11,879	1,465
Worker's Compensation	18,506	7,098	7,171	18,433	1,794
Compensated Absences	27,459	4,036	3,957	27,538	7,647
Total Long-Term Liabilities	$1,327,321	$ 132,710	$ 157,965	$ 1,302,066	$ 52,181

VTA's Transit Fund reports a deferred amount on refunding in the amount of $10.7 million related to the 2007 and 2008 bonds as a deferred outflow of resources. The Measure A Fund reflects deferred amounts on bond refunding related to the 2015 bond of $4.5 million as deferred outflow of resources, and 2007/2008 bonds of $4.3 million as deferred inflow of resources.

NOTE 8 – SALES TAX REVENUES

Sales tax revenue represents sales tax receipts from the California State Board of Equalization, which, under voter-approved 1976 and 2000 Sales Tax Measures, collects a half-cent for each taxable sales dollar spent in the County. 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. In November 2008, county residents passed a 1/8-cent sales tax to fund the operating and maintenance costs of the BART Extension. The amount of the 1976 Sales Tax, 2000 Measure A Sales Tax, and BART Operating Sales Tax recognized during FY 2015 was $199.2 million, $199.7 million, $47.5 million, respectively, totaling $446.4 million.

NOTE 9 – VTA PROGRAMS FUNDED THROUGH LOCAL SALES TAX MEASURES

Measure B Transportation Improvement Program (MBTIP)

In November 1996, the voters of Santa Clara County approved Measure A - an advisory measure listing program of transportation improvements for the County. Also approved on the same ballot, Measure B authorized the County Board of Supervisors to collect a nine-year half-cent sales tax for general County purposes. The tax was identified as a funding source for Measure A projects. Collection of the tax began in April 1997; however, use of the revenue was delayed pending the outcome of litigation challenging the legality of the sales tax. In August 1998, the California courts upheld the tax allowing the Measure A transportation program to move forward.

Amendment 20 to the Master Agreement was executed in June 2007 to formalize the process for winding down the Measure B Program. That amendment included the following significant terms:

- VTA was paid the value of all approved 1996 Measure B project budgets, less the funds already paid by County to VTA, and the net remaining Measure B funding for Fund Swap Projects and Ancillary Programs administered by VTA.
- A lump sum amount of approximately $4.0 million was also paid to VTA by the County to cover the closeout effort associated with incomplete projects.

In March 2010, $10.23 million was transferred to Congestion Management and Highway Program (CMHP) from the Measure B Highway and the Measure B Ancillary programs for $7.23 million and $3 million, respectively. The purpose is for CMHP to administer the landscaping phase of Measure B highway projects as well as the availment of various Measure B swap funds.

During the current fiscal year, VTA paid approximately $363 thousand for current year costs for the program, as follows: $123 thousand of Measure B fund for transit projects in the Enterprise Fund; $203 thousand of Measure B fund for highway projects in the Measure B Highway Capital Projects Fund; and $37 thousand for the Ancillary Program (Measure B & Fund Swap Projects, Pavement and Bikeways).

2000 Measure A Program

The Santa Clara Valley Transportation Authority 2000 Measure A Program (the Measure A Program) was created in response to the Measure A ballot approved by the voters of Santa Clara County on November 7, 2000. The Measure A Program is responsible for 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. The Measure A Program is funded by the half-cent sales tax to be imposed for a period of 30 years and took effect upon expiration of the current County of Santa Clara 1996 Measure B half-cent sales tax on March 31, 2006.

The Measure A Program consists of those projects and increased operations included in the 2000 Measure A ballot, as noted below:

- Extend San Francisco Bay Area Rapid Transit District service ("BART") from Fremont through Milpitas to Downtown San Jose and the Santa Clara Caltrain Station (the "Silicon Valley Rapid Transit Project" or "SVRT");
- Provide connections from the San Jose International Airport to BART, Caltrain commuter rail service ("Caltrain") and VTA's light rail system;
- Extend VTA's light rail system from Downtown San Jose to the East Valley portion of Santa Clara County ("DTEV Extension");
- Purchase low floor light rail vehicles to better serve the disabled, senior and other segments of the ridership;
- Improve Caltrain by extending the system's double track to Gilroy and providing funds to electrify the system;
- Increase Caltrain service;
- Construct a new Palo Alto Intermodal Transit Center;
- Improve bus service in major bus corridors;
- Upgrade the Altamont Commuter Express ("ACE") services;
- Improve the Highway 17 express bus service;
- Connect Caltrain with the Dumbarton Rail Corridor (serving Alameda and San Mateo County);
- Purchase zero emission buses and construct service facilities;
- Provide funds to develop new light rail corridors;
- Fund operating and maintenance costs associated with increased bus, rail, and paratransit service.

The following activities have either been completed or are in progress, funded by a combination of Tax revenues, state and federal grants, bond proceeds, and other locally obtained funds. To date, Measure A efforts have:

- Completed the purchase of low floor light rail vehicles;

- Completed the Zero Emission Bus demonstration project;
- Reached a Project Agreement between the City of San Jose and VTA establishing a project description and vision statement for Bus Rapid Transit (BRT) in the Alum Rock/Santa Clara corridor. An environmental document was completed and approved in 2008. Major utility relocations are complete and construction is now expected to be completed in summer 2016. A contract to procure buses has been awarded in February 2013 and buses arrived in December 2014. Service is anticipated to begin in mid-2016. On the El Camino Real Transit Improvement Project, environmental scoping process took place in February and March 2013. A Project Study Report was approved by Caltrans in February 2013. Federal Transit Administration (FTA) has approved the project for Small Starts review to compete for a discretionary grant. Scheduled year of completion is 2019. On the Stevens Creek/West San Carlos Corridor, conceptual engineering has begun. The project has created early conceptual design for the corridor and is developing the traffic and ridership projections. Anticipated year of completion is 2019;
- Received $900 million grant commitment from the FTA for the Silicon Valley Berryessa Extension (SVBX) Project in March 2012. All major municipal and utility master agreements required for SVBX have been executed. Remaining third-party agreements are forecast to be in place to support SVBX implementation. Full Notice to Proceed was granted to Design-Build contractor in April 2012. To date, contractor has achieved Ready For Construction status on 97% of total drawings accomplishing the following: completed the Capitol Avenue North bridge roadway, Dixon Landing Road northern portion bridge deck and abutment, invert under the Montague Expressway bridge deck, and the Hostetter trench invert and walls of Hostetter Road. In December 2012, the project received $50 million in State Transportation Improvement Program (STIP) funding to help expand and improve BART's Hayward Maintenance complex to accommodate the operation of the Berryessa Extension. In August 2014 design-build contract was awarded for the parking garages in Milpitas and Berryessa stations. VTA issued the Notice-to-Proceed for this effort in October 2014. The contracts for the construction of Milpitas and Berryessa Stations campus areas and roadways were also awarded in February 2015 and August 2015, respectively;
- Received Traffic Congestion Relief Program (TCRP) funds as reimbursements for the preliminary engineering and construction phase on the VTA's BART Silicon Valley Extension. In August 2014, BART Silicon Valley Project received the final TCRP installment from the state in the amount of $39 million. This fund is designated for construction of a 10-mile segment of the project as of August 2015, remaining unexpended amount from this allocation is $29 million;
- Relocated and constructed utilities in the freight rail corridor in Fremont and Milpitas. The Berryessa Creek crossing, Abel Street Seismic Retrofit, and Railroad Relocation contracts are complete. On the Mission Boulevard/Warren Avenue Pacific Railroad

Relocation Construction contract, construction of the Union Pacific Rail Road (UPRR) Bridge on Mission Blvd. is complete. The Agua Fria, Toroges and Agua Caliente Creek Improvement contract is complete. The Kato Road Grade Separation contractor fully re-opened Kato Road in April 2013. Following the completion of the Joint Powers Agreement between Santa Clara County, Santa Clara Valley Water District (SCVWD), and VTA, the Montague Expressway Reconstruction Project is underway. Review of the final design was completed. Work is proceeding on the right-of-way acquisition. Construction is anticipated to begin in late 2015;

- Started preparation of Environmental Impact Statement for the Capitol Expressway Light Rail Extension to Eastridge. The construction of the pedestrian improvements (sidewalk and landscaping) was completed in the spring 2013. Construction of the new loop road and pump station is complete and was opened to traffic in July 2014. Construction of the new transit center is complete;
- Completed the Light Rail Systems Analysis, which was adopted by the VTA Board in May 2010. The Systems Analysis provides an evaluation of infrastructure and operational shortcomings of the existing light rail system as well as improvement plan for immediate action. The recommended projects for the Systems Analysis began planning, design and construction in fall 2011. Major track work for the Santa Clara Pocket Track was completed early August 2014. Construction of Mountain View Phase I (Double Track to SR 85) is substantially complete. Construction of Mountain View Phase II (Double Track from SR 85 to Whisman Station) has started in April 2015. A recommended operating plan is in progress. Service is expected to begin at the same time as the BART Silicon Valley Extension;
- Final design to incorporate stakeholder comments occurred in early 2015 for the Santa Clara Caltrain Station Pedestrian Underpass Extension. This project will provide an extended pedestrian tunnel under the UPRR tracks to Brokaw Road at the Santa Clara Station;
- Completed safety improvements to eight Joint Powers Board (JPB) crossings from Sunnyvale to Palo Alto for the Caltrain Safety Improvements – JPB Crossings project. Design for approximately 15 crossings along the UPRR segment started in January 2012. Construction on the 15 crossings along the Union Pacific Railroad (UPRR) segment is currently on hold pending decision on budget;
- Completed construction for the Blossom Hill Pedestrian Grade Separation in September 2012;
- Completed Caltrain Service upgrades project for improvements to the Santa Clara Station in 2013. This allowed ACE trains to stop at the station.
- An agreement was reached which culminated in a Memorandum of Understanding of project stakeholders, including the CA High Speed Rail Agency, Metropolitan Transportation Commission, Peninsula Joint Powers Board, San Francisco, San Francisco County Transportation Authority, San Jose, Santa Clara Valley

Transportation Authority, San Mateo County Transportation Authority, and Transbay Joint Powers Authority. The Caltrain Modernization Program will electrify and upgrade the performance, operating efficiency, capacity, safety, and reliability of Caltrain's commuter rail service. The environmental process for the Peninsula Corridor Electrification project (electrification and new electric trains) was completed in January 2015. Request for Proposal for the Design-Build Electrification contract was released in February 2015 and award is expected to occur in late 2015.

SVRT Measure B Sales Tax Ordinance

At the election held on November 4, 2008, the voters passed VTA Measure B supporting the tax that would be dedicated to the operation, maintenance, improvement, and future capital needs of the 16.1 mile Santa Clara Bay Area Rapid Transit (BART) extension. The BART extension includes stations in Milpitas, San Jose, and Santa Clara, connecting with Caltrain from Gilroy to San Francisco. The project also includes facility addition to the existing Hayward Yard to provide fleet management operation for revenue vehicles. In December 2011, the Board of Directors approved the Measure B 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. This ordinance is also known as the Santa Clara Valley Transportation Authority BART Operating and Maintenance Transactions and Use Tax Ordinance.

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, 2015, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Fund	Capital Projects Funds
Operating Assistance Grants:			
FTA Section 9 (49 USC 5307)	$ 24,133	$ -	$ -
Job Access Reverse Commute Fed Grant	324	-	-
Section 5311	96	-	-
Federal Technical Studies	-	1,371	-
Total Operating Assistance Grants	24,553	1,371	-
Capital Grants:			
FTA Section 3 (49 USC 5309)	154,621	-	-
FTA Section 9 (49USC 5307)	11,508	-	-
Pass-through Capital Grants	585	-	3,770
Total Capital Grants	166,714	-	3,770
Total operating assistance & capital grants	$ 191,267	$ 1,371	$ 3,770

FTA Section 9 operating assistance represents Bus and Rail preventive maintenance (49 USC 5307). Bus maintenance consists of North Maintenance, Chaboya Maintenance, and Cerone Maintenance, and Overhaul and Repair. These maintenance facilities are responsible for the timely and reliable preventive maintenance, running repair, heavy repair, engine rebuilding, other maintenance services, inspections, and servicing of various VTA's bus fleets. Rail maintenance consists of Light Rail Vehicle (LRV) maintenance and Way, Power, and Signal (WPS) maintenance. LRV maintenance is responsible for the timely and reliable preventive maintenance, inspections, repair, and servicing of VTA's LRV fleet. WPS maintenance is responsible for timely and reliable preventive maintenance of right of way, rail system power, track, signals, wayside communications, stations, transit center and bus stop facilities, related equipment park and ride lot maintenance, and evaluation of rail maintenance efficiency.

The Job Access and Reverse Commute was authorized in Section 5316 of the Transportation Equity Act of the 21st Century (TEA-21). This program, administered by the FTA, is intended to implement a variety of transportation services that will connect welfare recipients to employment and other job-related activities and opportunities.

The Section 5311 program is the FTA non-urbanized area formula grant. The program provides funding for public transportation projects serving areas outside of an urban boundary with a population of 50,000 or less. Funds may be used for capital, operating, planning, or technical assistance projects.

Federal technical studies grant under the Special Revenue Fund represents interagency agreement with the Metropolitan Transportation Commission (MTC) for purpose of conducting specific planning and programming activities to assist MTC in meeting the requirements of federal legislation and related State and regional planning and programming policies and guidelines.

FTA Section 3 capital grants represent the transit capital investment program (49 U.S.C. 5309), which provides capital assistance for three primary activities:

- New and replacement of buses and facilities
- Modernization of existing rail systems, and
- New fixed guideway systems

In March 2012, FTA awarded VTA a full funding grant agreement (FFGA) for the SVBX project with a maximum federal New Starts financial contribution of $900 million. The FFGA is being amended through yearly increment of New Starts fund up to 2018. 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 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 9 grants represent the federal program (49 U.S.C. 5307), which makes federal resources available to urbanized areas and to Governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. This includes funds for transit enhancements and Congestion Mitigation and Air Quality (CMAQ) award for transportation projects or programs that will contribute to the attainment or maintenance of the National Ambient Air Quality Standards (NAAQS) for ozone and carbon monoxide.

The pass-through federal grants under the Enterprise Funds include Demonstration Projects. These projects are provided as part of the transportation appropriation acts. Grade separations, widening and demolition of bridges, new crossing configurations are examples of projects funded with Demonstration funds.

The pass-through federal grants under the Capital Project Funds represent fund agreements covering highway projects with various government agencies of the State of California.

(b) State and Local Grants and Assistance

State and local grants for the year ended June 30, 2015, are summarized as follows (in thousands):

	Business-type Activities	Governmental Activities	
	Enterprise Funds	Congestion Management Program	Capital Projects Funds
Operating assistance grants:			
Transportation Development Act	$ 94,640	$ -	$ -
State Transit Assistance	13,950	-	-
State Operating Assistance Grants	338	725	-
AB 434	1,315	-	-
Total operating assistance grants	110,243	725	-
Capital grants:			
Traffic Congestion Relief Program	27,856	-	-
PTA/STIP	69	-	-
PTMISEA	66,704	-	-
Highway-Railroad Crossing Safety Account	1,191	-	-
Proposition 1B Fund	3,945	-	-
Congestion Management & Highway Program-State Grants	-	-	13,765
Congestion Management & Highway Program-Measure A Swap Program	-	-	4,482
Other Local Grants:			
Measure B Highway	-	-	203
Santa Clara County (Measure B Program) (Note 9)	123	-	-
Santa Clara County (Fund Swap Program) (Note 9)	-	-	37
Various cities, counties and others	10,819	-	707
Total Capital Grants	110,707	-	19,194
Total State and Local Grants	$ 220,950	$ 725	$ 19,194

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 revenues.

State Operating Assistance Grants represent Employment Training Panel (ETP) program funds under the Enterprise Fund. These funds are available through AB 118 that are specifically geared to California businesses whose products or services include development of high performance/low emission vehicle technologies; mass transit fleet and clean vehicle conversion; or other sectors related to green technologies. Grant receipts from the California Department of Transportation for project planning, programming and monitoring activities related to development of the Regional Transportation Improvement Program are reported under the Congestion Management Program.

AB 434 fees represent funds received from the Bay Area Air Quality Management District. These funds are used for shuttle services and projects promoting clean air in the South Bay.

The Traffic Congestion Relief Program (TCRP) provides funds for projects throughout the state of California to reduce traffic congestion, provide for safe and efficient movement of goods, and provide system connectivity. TCRP is being implemented by the California Transportation Commission (CTC), in consultation with State Department of Transportation.

The purpose of the Public Transportation Account (PTA) is to provide a source of funds for transportation planning, mass transportation, Intercity Rail programs, and State Transportation Improvement Program (STIP) Transit projects, as provided by Section 99310.5 of the Public Utilities Code.

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):

	June 30, 2015	From Inception To 6/30/2015 Cumulative Balance
Proceeds received	$ 30,100	$ 180,268
Total expenditures paid and accrued	(66,704)	(130,532)
Current year unused proceeds	(36,604)	49,736
Prior year unused proceeds	90,222	-
Total proceeds available	53,618	49,736
Interest earned	757	4,639
Total proceeds available plus interest earned	$ 54,375	$ 54,375

Highway-Railroad Crossing Safety Account or HRCSA was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond of 2006 to provide funding for the completion of high-priority grade separation and railroad crossing safety improvements. The account is being administered by the California Transportation Commission (CTC).

Proposition 1B Fund provides funding under the California Transit Security Grant Program and is administered by the California Emergency Management Agency.

Capital Projects revenues consist of state and local grant revenues pertaining to Congestion Management and Highway Program (CMHP) of $19 million and Measure B Highway Program of $0.2 million. Of the CMHP state grants, $14 million represents Corridor Mobility Improvement Account (CMIA) grant. The scope of this grant includes performance improvements on the state highway system and major access routes to the state highway system.

Santa Clara County Measure B Program includes both transit and highway projects. Santa Clara County Fund Swap is Measure B revenue received by VTA for local projects in exchange for federal and/or State grant funds. These funds are programmed for certain 1996 Measure B Transportation Improvement Program (MBTIP) Projects. Additional information on the 1996 MBTIP can be found in Note 9.

Various cities, counties and other agencies contribute 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 noncontributory 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.

Employees with 10 or more years of service are entitled to full annual pension benefits beginning at normal retirement age of 65. Employees with less than 10 years of service are entitled to an annual benefit at age 65 provided the Pension Board approves of such benefit. Employees with 15 or more years of 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 service, and deferred vested retirement upon employee termination after 10 or more years of service, with benefits payable at age 65. Employees may elect to receive their benefits in the form of a joint or survivor annuity. These benefit provisions and all other requirements are established by California statute and the labor agreement with the ATU. Benefit terms do not provide for annual cost-of-living adjustment subsequent to retirement date.

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, 2015, is as follows:

Membership Status	No. of Members
Retirees and beneficiaries currently receiving benefits	1,282
Terminated vested members not yet receiving benefits	130
Active Members	1,541
Total	2,953

(b) Basis of Accounting

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.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. Purchases and sales of securities are reflected on the trade date and investment income is recognized as earned.

(c) Contribution Requirements

For FY 2015, the actuarially-determined contribution was $25.6 million. As the Plan elected to use June 30, 2015 as its initial measurement date, employer contributions for FY 2015 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 established by the Board based on actuarially determined rate recommended by an independent actuary. The rate is the estimated amount 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 Plan's net pension liability was $122.5 million as of June 30, 2015. The following table shows the changes in net pension liability recognized over the measurement period.

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
	(Amounts in thousands)		
Balance at 6/30/14	$ 584,042	$ 481,226	$ 102,816
Changes Recognized for the Measurement Period:			
Service cost	13,468	-	13,468
Interest (includes interest on service cost)	43,069	-	43,069
Differences between expected and actual experience	4,517	-	4,517
Contributions from the Employer	-	25,590	(25,590)
Net investment income	-	16,094	(16,094)
Benefit Payments, including Refunds of Employee Contributions	(33,418)	(33,418)	-
Administrative expense	-	(301)	301
Net changes during FY 2015	27,636	7,965	19,671
Balance at 6/30/15	$ 611,678	$ 489,191	$ 122,487

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 Total Pension Liability by approximately 11% and increases the Net Pension Liability by approximately 53%. A one percent increase in the discount rate decreases the Total Pension Liability and Net Pension Liability by approximately 9% and 45%, respectively.

	Discount rate -1% 6.50%	Discount rate 7.50%	Discount rate + 1% 8.50%
	(Amounts in thousands)		
Total Pension Liability	$ 676,684	$ 611,678	$ 556,073
Plan Fiduciary Net Position	489,191	489,191	489,191
Net Pension Liability	$ 187,493	$ 122,487	$ 66,882
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.3%	80.0%	88.0%

(e) Actuarial Assumptions

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as of a valuation date of January 1, 2014, and projected forward to the beginning of the measurement year of June 30, 2014. The TPL at the end of the measurement year, June 30, 2015, is measured as of a valuation date of January 1, 2015, and projected forward to June 30, 2015. There were no significant events during the projection period.

A summary of key assumptions is as follows:

Actuarial cost method	Entry Age - Normal
Inflation:	3.25%
Salary increases:	3.25% plus merit component based on years of service
COLA increases:	0.00%
Investment rate of return:	7.50%, net of investment expense
Post-retirement Mortality:	Sex distinct RP-2000 Combined Healthy Blue Collar Mortality, projected to 2025 using 50% of Scale BB, with ages set back one year for female members.

The assumptions used reflect the results of an Experience Study covering the period January 1, 2007 through December 31, 2011.

(f) Discount Rate

The discount rate used to measure the Total Pension Liability was 7.5%. 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.

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 cashflows were taken into account. Such cashflows were developed assuming that both members and employers will make this required contribution 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 ten years) and the long-term (11-60 years) using a building-block approach.

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 until at least 2077. The present value of benefit payments not covered by the Plan's Fiduciary Net Position (i.e. payments occurring after 2077) was determined to be de minimis. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.35%
International Equity	5.25%
Emerging Markets Equity	5.65%
Domestic Fixed Income	0.75%
Real-Estate	3.90%
Cash	0.00%

(g) Plan's Fiduciary Net Position

This refers to the fair or market value of assets. As of June 30, 2015, the Plan's Fiduciary Net Position amounts to $489 million. Detailed information about the pension plans, fiduciary position is available in a separate financial report.

(h) Pension Expense and Deferred Inflows or Outflows of Resources Related to Pensions

For the measurement period ending June 30, 2015, VTA incurred pension expense of $25 million. This is the change in the Net Pension Liability plus the changes in deferred amounts plus employer contributions.

	Amount (In thousands)
Service cost	$ 13,468
Administrative expenses	301
Interest cost on total pension liability	43,069
Projected return on plan investments	(36,770)
Recognized differences between expected and actual experience	753
Recognized differences between projected and actual earnings	4,135
Pension expense	$ 24,956

As of June 30, 2015, VTA's deferred outflows related to the ATU pensions are as follows:

	Deferred Outflows of Resources (In thousands)
Differences between expected and actual experience	$ 3,765
Net difference between projected and actual earnings on pension plan investments	16,540
Total	$ 20,305

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

Fiscal Year	Measurement Period Fiscal Years June 30,	Deferred Outflows of Resources
2016	2016	$ 4,888
2017	2017	4,888
2018	2018	4,888
2019	2019	4,888
2020	2020	753
Thereafter	Thereafter	-

NOTE 12 – PUBLIC EMPLOYEES' RETIREMENT PLAN

(a) Plan Description and Benefits Provided

All eligible non-ATU employees of VTA participate in the California Public Employees' Retirement System (CalPERS). Prior to separation from the County on January 1, 1995, all eligible VTA employees participated in CalPERS through the County. As a result of the separation from the County, certain administrative employees were transferred from the County to VTA. All of those administrative employees' service credits earned during the period they worked for the County's transportation agency were transferred to VTA's CalPERS account. The transfer of related assets at a market value totaling approximately $52.3 million was completed by CalPERS in FY 1999.

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 retirement, disability, and death benefits based on the employees' years of service, age, and final compensation. Employees vest after five years of service and may receive retirement benefits at age 50. 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.

Based on census data, VTA membership in the Plan as of June 30, 2013 (date of the most recent actuarial valuation), is as follows:

Retirees and beneficiaries receiving benefits	499
Terminated and vested members not yet receiving benefits	341
Active members	604
Total	1,444

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

(b) Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the following have been determined on the same basis as they are reported by the CalPERS Financial Office:

- Deferred outflows/inflows of resources related to pensions;
- Pension expense;
- Information about the fiduciary net position of the Plan, and
- Additions to/deductions from the Plan's fiduciary net position.

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. In FY2015, employees hired prior to January 2012 paid 5 percent toward the required employee share and VTA paid the remaining portion of the employee contribution. Employees hired in or after the first full pay period in January 2012 paid the employee contribution of 7%. Employer's contribution rate from July 1, 2014, through June 30, 2015, was 14.904%. 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 2014, VTA contributed $8.8 million, which is equal to the actuarially-determined contributions. The required contribution for FY 2015 was determined as part of the June 30, 2012, actuarial valuation using the entry age normal cost method with the contributions determined as a percent of pay. VTA's annual pension contribution of $9 million in FY 2015 was deferred as VTA opted for June 30, 2014, to be its measurement date to comply with GASB 68.

(d) Net Pension Liability

VTA's net pension liability to the CalPERS Plan was $74.2 million as of June 30, 2014 (measurement date). The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
	(Amounts in thousands)		
Balance at 6/30/13 (valuation date)[1]	$ 331,542	$ 236,519	$ 95,023
Changes Recognized for the Measurement Period:			
Service cost	9,055	-	9,055
Interest on the Total Pension Liability	24,724		24,724
Contributions from the Employer	-	8,845	(8,845)
Contributions from Employees	-	4,482	(4,482)
Net investment income (net of administrative expenses)	-	41,263	(41,263)
Benefit Payments, including Refunds of Employee Contributions	(12,834)	(12,834)	-
Net changes during FY 2014	20,945	41,756	(20,811)
Balance at 6/30/14 (measurement date)[1]	$ 352,487	$ 278,275	$ 74,212

[1]The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance, and OPEB expense.

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 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

	Discount Rate -1% 6.5%	**Current Discount Rate 7.5%**	**Discount Rate +1% 8.5%**
	(Amounts in thousands)		
Plan's Net Pension Liability	$ 120,055	$ 74,712	$ 35,981

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

For the measurement period ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013, and the June 30, 2014, total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2013
Asset Valuation method	Market value
Amortization method	Level Percent of Payroll
Actuarial cost method	Entry Age - Normal
Actuarial Assumptions	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality rate table[1]	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[1]The mortality table used was developed based on CALPER's specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. Details of this table are included in the 2014 experience study report.

(f) Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. CalPERS concluded, based on the results of the stress test, that the current 7.5 percent 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 table below 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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10[1]	Real Return Years 11-20[2]
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure & Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

[1] An expected inflation of 2.5% used for this period
[2] An expected inflation of 3% used for this period

(g) Pension Plan's Fiduciary Net Position

The Plan Fiduciary Net Position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. The Plan's Fiduciary Net Position as of June 30, 2014 is $278.3 million.

(h) Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended June 30, 2015, VTA incurred a pension expense of $6.9 million for the Plan.

	Amount (In thousands)
Service cost	$ 9,055
Interest on the Total Pension Liability	24,724
Employee contributions	(4,482)
Projected earnings on Pension Plan investments[1]	(17,684)
Recognized differences between projected and actual earnings on Plan investments	(4,716)
Pension Expense	$ 6,897

[1] Net of administrative expenses

As of June 30, 2015, VTA's deferred inflows/outflows of resources related to the CalPERS pensions are as follows, in thousands:

		Deferred Outflows/ (Inflows) of Resources
Net differences between Projected and Actual Earnings on Pension Plan investments	$	(18,864)
Pension Contributions subsequent to measurement date		8,963

Deferred outflow 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, 2016. Amounts reported as deferred inflows of resources related to differences in projected and actual investment savings will be recognized in future pension expense. Schedule is as follows, in thousands:

Fiscal Year	Measurement Period Fiscal Years June 30,		Deferred (Inflows)/Outflows of Resources
2016	2015	$	(4,716)
2017	2016		(4,716)
2018	2017		(4,716)
2019	2018		(4,716)
Thereafter	Thereafter		-

NOTE 13 – 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, 2015, VTA had net position of approximately $13.2 million for the ATU Spousal Medical Fund and $9.3 million for the Retiree Vision and Dental Fund.

The Spousal Medical Fund is a medical insurance benefit for eligible pensioners' spouses. Pursuant to a collective bargaining agreement with ATU, represented employees are required to contribute $0.40 per hour to the Spousal Medical Fund. As of June 30, 2015, there were 327 participating spouses who were eligible for benefits from the Spousal Medical Fund. FY 2015 contributions were approximately $1.5 million while benefit payments made by the Fund were approximately $1.6 million and investment earnings were $610 thousand.

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, 2015, there were 978 eligible participants. Contributions for the fiscal year were approximately $372 thousand while benefit payments were approximately $233 thousand.

A separate audited GAAP-basis postemployment benefit plan report is not available for ATU Spousal Medical and Vision/Dental Fund.

NOTE 14 – INTERNAL SERVICE FUND

As of June 30, 2015, 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	$ 18,434	$ 11,972	$ 20,364	$ 50,770
Liabilities	18,434	11,972	27,537	57,943
Net Position	$ -	$ -	$ (7,173)	$ (7,173)

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 fund contributions occur each pay period. Internally, the Workers' Compensation fund balance is reviewed quarterly to ensure it is appropriate given the claims history. In addition, both funds are evaluated and reconciled based on year-end actuarial valuations.

Actuarial Information

An actuarial analysis as of June 30, 2015 disclosed that the present values of estimated outstanding losses, at 4% average discount rate using a 60% confidence level, are $18.4 million and $11.9 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, 2014, and June 30, 2015, are as follows (in thousands):

	Workers' Compensation	General Liability
Unpaid claims at June 30, 2013	$ 18,231	$ 5,016
Provision for claims and claims adjustment expense	6,442	2,244
Changes in estimates for provision for future claims	(1,796)	9,104
Payment for claims and other adjustments	(4,371)	(4,903)
Unpaid claims at June 30, 2014	18,506	11,461
Provision for claims and claims adjustment expense	6,880	2,479
Changes in estimates for provision for future claims	(2,767)	334
Payment for claims and other adjustments	(4,185)	(2,302)
Unpaid claims at June 30, 2015	$ 18,434	$ 11,972

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, 2015, the outstanding balance of compensated absences liability is $27.5 million.

NOTE 15 – SANTA CLARA VALLEY TRANSPORTATION AUTHORITY OTHER POST EMPLOYMENT BENEFITS (OPEB) TRUST

(a) OPEB Trust Description

VTA offers postemployment benefits to its employees through the Santa Clara Valley Transportation Authority Other Post Employment Benefit (OPEB) Trust, 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 met 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 ATU represented employees who retire from VTA on or after attaining the age of 55 with at least 15 years of service, or age 65 with 10 years of service, or upon Board approval age 65 with 5 years of service, or if an employee becomes disabled and has completed at least 10 years of service. ATU retirees can select the Kaiser, United Health Care, or Valley Health Plan retiree health plans. VTA pays the full cost of the employee-only premium, and ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium. ATU employees who retire on or after September 1, 2004, must contribute $25 toward the employee only monthly premium.

Employees who retiree on or after January 1, 2011, pay $35 or the excess above the Kaiser HMO employee only premium.

Non-ATU employees who retire directly from VTA with age at least 50 years (Classic members) or 52 years (New members) are also covered under a Retiree Health Care Program (the administrative retiree program) if they retire with at least 5 years of CalPERS service or eight years of service depending on union representation and date of hire.

SEIU and TAEA employees who retired before January 2, 2006, pay any premium in excess of the Kaiser employee only rate, those who retired on or after January 2, 2006, pay $25 toward their monthly premium, plus any premium in excess of the Kaiser HMO employee only rate, and those who retired on or after January 1, 2014, pay $50 toward their monthly premium, plus any premium in excess of the Kaiser employee only rate.

AFSCME and Non-Represented retirees pay any premium in excess of the CalPERS Kaiser Bay Area employee only rate.

Non-Represented retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium.

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.

As of June 30, 2015, 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	984	462	1,446
Active	1,541	625	2,166

(b) Basis of Accounting

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.

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. Purchases and sales of securities are reflected on the trade date and investment income is recognized as earned.

(c) Funding Policy

Benefit allowance provisions are established through agreements and memorandums of understanding (MOU) between VTA and unions representing its employees. VTA's contributions to the plans are based on Annual Required Contribution (ARC) as determined by an actuarial valuation study. In FY 2008, VTA established an irrevocable trust to fund the ARC in accordance with the provisions of GASB Statement 45.

As of June 30, 2015, VTA had assets of $275.9 million to cover costs of the ATU and Non-ATU Programs. The Plan is presented in these financial statements as the OPEB Trust Fund. Separate financial statements are also prepared for the Trust 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.

(d) Annual OPEB Cost and Net OPEB Obligations

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

OPEB activities during FY 2015 are as follows (in thousands):

Annual Required Contributions	$	12,000
Interest on Net Plan Asset[1]		-
Annual Plan Cost (Expense)		12,000
Contributions Made		(12,000)
Net Plan Assets, Beginning of Year		20,650
Net Plan Assets, End of Year	$	20,650

[1]VTA's adjustment to the ARC was offset by interest requiring no adjustment to the current year's ARC.

In FY 2013, VTA Transit Fund made a one-time irrevocable transfer of $20.65 million to OPEB Trust Fund. This was included in VTA Transit unrestricted net position earmarked for future operational needs of OPEB Trust Fund. OPEB Trust Fund reflected this as a contribution during FY 2013. Plan cost, contribution made, the percentage of annual cost contributed to the Plan, and the net Plan assets for the years ended June 30, 2013, through 2015 are presented as follows (in thousands):

Net OPEB Obligation/Asset

Fiscal Year Ended	Annual OPEB Cost	VTA Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/15	$ 12,000	$ 12,000	100%	$ 20,650
6/30/14	14,100	14,100	100%	20,650
6/30/13	17,315	37,965	219%	20,650

(e) Funding Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

As of July 1, 2014, the most recent actuarial valuation date, the plan was 87.7% funded. The actuarial accrued liability was $297 million and the actuarial value of assets was $260.3 million, resulting in an Unfunded Actuarial Liability (UAL) of $36.7 million. The covered payroll was $162.9 million which resulted in a 22.5% UAL as a percent of covered payroll. The schedule of funding progress is presented on page 2-95, in the required supplementary information following the notes to the financial statements.

(f) 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, 2014
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level dollar closed
Asset valuation method	Market value
Remaining Amortization Period	14 years
Actuarial assumptions:	
Discount rate	7.00%
Payroll growth rate	3.25%
Ultimate rate of medical inflation	4.50%

NOTE 16 – CLAIMS, COMMITMENTS, AND CONTINGENCIES

The VTA is exposed to liability for bodily injury and property damage; physical damage to and loss of its property; and liability for financial loss suffered by employees and others as a result of various risk exposures inherent to public transportation services and congestion management oversight.
The VTA self-insures and contracts third party adjustment services for:

(a) Third party personal injury, bodily injury, and property damage liability claims up to $3 million per occurrence.
(b) Workers' Compensation claims through self-insurance.
(c) Employment practices liability claims up to $3 million per occurrence.
(d) First party property damage with various deductible ranging from $100,000 to $250,000 for rail cars and equipment, buses, and real property.

Under General Liability, VTA is self-insured for $3 million. VTA purchases excess liability insurance with an aggregate of $95 million in addition to its primary layer of $2 million.

The VTA purchases Public Officials Liability & Employer's Liability Insurance with an annual aggregate of $2 million per occurrence excess of $3 million self-insured retention.

The VTA purchases first party property insurance for loss or damage to its property arising out of various risk perils (excluding earthquake) and damage from bus and rail transit collisions, overturn or derailment. Coverage provides stated value/replacement cost per occurrence with various deductibles not exceeding $250,000.

Type of Coverage	Self-Retention	Excess Coverage
Workers' Compensation	Self-Insured	None
General Liability	$ 3,000,000	$ 97,000,000
Property, Boiler & Machinery	100,000	80,000,000
Flood	5,000	500,000
Light Rail Vehicles (Spare Parts)	250,000	100,000,000
Buses	150,000 & lower	50,000,000
Non-Revenue Trucks & Equipment	Various	50,000,000
Public Officials Liability	3,000,000	2,000,000
Crime	2,500	1,000,000

NOTE 17 – LEASES

VTA leases various properties for use as transfer facilities, parking lots, information centers, office buildings, and warehouses under lease agreements that expire at various dates through 2023. VTA may renew the leases after their expiration. Some of these agreements were accounted for as operating leases in VTA Transit Fund for approximately $ 312 thousand in FY 2015. Other leases were charged to capital project expenditures and were capitalized in FY 2015. The future lease payments under non-cancellable lease agreements are as follows (in thousands):

Years ending June 30,	Future Lease Payments
2016	$ 1,033
2017	1,043
2018	1,078
2019	396
2020	178
2021-2023	309
Total	$ 4,037

NOTE 18 – LITIGATION

VTA is involved in a litigation matter that, because of the uncertainties of litigation, may possibly have an adverse financial impact beyond VTA's actuarially determined reserves and excess insurance. The case is *Baljinder Rai et. al. v. Santa Clara Valley Transportation Authority*, U.S. District Court No. CV-04344-PSG (*Rai v. VTA*).

In August of 2012, VTA bus operator Baljinder Rai filed a collective action against VTA in Federal Court, alleging various wage and hour violations under the Federal Labor Standards Act (FLSA). Since the filing, over 1,000 operators (both bus and light rail) have joined the lawsuit to claim damages related to VTA's alleged failure to pay with respect to the following categories:

1. Start-end travel time
2. Split-shift travel time
3. Turn-in time
4. Medical examination time
5. Routinely late time
6. Pre-departure time
7. Bulletin time
8. Meeting time
9. Rest periods

VTA has denied these allegations and is vigorously defending the case. Parties have jointly requested a bifurcated trial, and the Court has ordered the liabilities portion of the trial to commence on December 14, 2015. In the meantime, the parties are actively engaged in discovery while simultaneously exploring the possibilities for settlement. Parties have met twice in settlement conference that was facilitated by Federal Magistrate Joseph Spero. The next settlement conference before Judge Spero is scheduled for October 19, 2015.

Although VTA currently believes this case will more likely than not resolve below VTA's actuarially determined reserves and excess insurance, plaintiffs are demanding above that amount and will likely request the same from a jury. A more precise calculation of the possible financial impact of the case is forthcoming. Discovery is scheduled to close on September 30, 2015, and an assessment of VTA's potential liabilities will require additional analyses with the help of experts that VTA has hired to assist with this case. The resultant analyses will further inform VTA's motions for summary judgment and decertification, which are scheduled for October and November, respectively.

NOTE 19 – CONTRACTED SERVICES PROVIDED BY THE COUNTY OF SANTA CLARA

The County provides support services to VTA for protection (Office of the Sheriff), vehicle maintenance, and fuel, and contributions for retiree medical for County public safety staff assigned to VTA. As of June 30, 2015, the support services totaled $5.9 million and are included in Operating Expenses.

NOTE 20 – 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 2015, VTA, SamTrans, and CCSF were responsible for 40.3%, 41.9%, and 17.8%, respectively, of the member agencies' total reimbursement for such expenses. During the year ended June 30, 2015, VTA paid $8.4 million to the PCJPB for operating costs.

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

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

Summary financial information (not included in VTA's financial statements) for the PCJPB for the years ended June 30, 2014 and 2013 (in thousands), are as follows[1]:

PCJPB Financial Information	2014	2013
Total assets	$1,389,395	$1,347,889
Total liabilities	(112,395)	(109,551)
	$1,277,000	$1,238,338
Operating revenues	$ 82,145	$ 75,546
Operating expenses	(189,212)	(167,020)
Non-operating revenues, net	34,380	42,091
Capital contributions	111,349	87,385
	$ 38,662	$ 38,002

[1]Most recent audited financial information available.

Complete financial statements for the PCJPB can be obtained from SamTrans at 1250 San Carlos Avenue, San Carlos, California 94070.

(b) Altamont Commuter Express

The Altamont Commuter 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 Altamont Commuter Express (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, 2015, VTA contributed approximately $3.1 million for operating costs.

Summary financial information (not included in VTA's financial statements) for the Altamont Commuter Express for the years ended June 30, 2014, and 2013 (in thousands), are as follows[1]:

ACE Financial Information	2014	2013
Total assets	$ 173,945	$ 164,107
Total liabilities	(63,076)	(60,657)
Total net position	$ 110,869	$ 103,450
Operating revenues	$ 6,885	$ 5,754
Operating expenses	(23,688)	(25,411)
Non-operating revenues, net	12,137	12,841
Capital contributions	12,566	10,989
Transfer in/(out)	-	(37)
Prior Year's restatement	(481)	-
Change in net position	$ 7,419	$ 4,136

[1] Most recent audited financial information available

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. 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 21 – OTHER FINANCING TRANSACTIONS

(a) Lease/Leaseback

In September 1998, VTA simultaneously entered into two transactions to lease 50 UTDC light rail vehicles (the "UTDC LRVs") to statutory trusts formed on behalf of equity investors (the "Trusts") under separate lease agreements (the "Lease Agreements") and simultaneously leased the UTDC LRVs back from the Trusts under separate sublease agreements (the "Subleases") (each, a "Lease/Leaseback Transaction"). In September 2011, VTA terminated one of the Lease/Leaseback transactions relating to 21 UTDC LRVs. The remaining Sublease, relating to 29 UTDC LRVs, terminates in 2026, subject to VTA's option to buy-out the remaining Sublease term in 2017 (the "Early Buy-out"). During the term of the Sublease, VTA retains ownership of and is obligated to insure and maintain the UTDC LRVs.

VTA received approximately $54.2 million, which represented the prepayment of the rental obligations owed by the Trust as Lessee under the Lease Agreement. The equity investor made an equity contribution of approximately $14.4 million of the prepaid Lease Agreement amount and AIG-FP Funding (Cayman) Limited made loans for the balance of prepayment amount. VTA is required to make annual rental payments as Sub lessee pursuant to the Sublease.

To provide for the funding of the debt portion of its rental payments under the Sublease and the debt portion of the Early Buy-out, VTA entered into a debt payment agreement with AIG-FP Special Finance (Cayman) Limited ("AIG Special Finance"), whose obligations are guaranteed by American International Group, Inc. ("AIG"). Under the terms of the debt payment agreement, VTA made an aggregate payment of $39.8 million in consideration of AIG Special Finance's agreement to make payments equal to the debt portion of VTA's rental payment under the Sublease and the debt portion of VTA Early Buy-out. VTA is obligated to replace AIG if the credit rating assigned to it by Moody's or Standard & Poor's falls below Baa1/BBB+, respectively. As of June 30, 2015, AIG is rated Baa1/A-.

VTA also used $9.7 million of the amounts received from the Trust to purchase US Treasury securities that mature on the dates and in the amounts equal to the equity portion of its rental payments under the Sublease and the equity portion of the Early Buy-out. These US Treasury securities are held by a third party custodian. Additionally, VTA purchased a financial guaranty insurance policy from Financial Security Assurance (now Assured Guaranty Municipal Corp. or "AGM") to guarantee its obligations to pay liquidated damages in the event one or more UTDC LRVs are destroyed or there is an early termination of the Subleases. Within thirty (30) days after demand by the equity investor, VTA is obligated to replace AGM if its credit rating by Moody's or Standard & Poor's falls below Aa3/AA-. Failure to replace AGM after such demand could cause a termination of the Lease/Leaseback transaction, resulting in the requirement that VTA make an early termination payment. In January 2013, Moody's downgraded AGM to "A2." The equity investor has continuously agreed each six months to forbear from requiring VTA to replace AGM, currently through December 31, 2015. VTA does not believe that a qualifying replacement surety is available. As of June 30, 2015, the market value of the U.S. Treasury securities held by the custodian was $21.08 million, compared to the scheduled termination value of $24.3 million.

VTA reported revenue of $3.2 million from its Lease/Leaseback transaction in FY 1999.

(b) Sublease Agreement with Utah Transit Authority (UTA) and Sacramento Regional Transit District (RT)

In May 2003, the VTA Board approved the execution of sub-lease agreements with the Utah Transit Authority (UTA) and Sacramento Regional Transit District for the sublease of 50 UTDC LRVs for terms of 13 years, with sublease renewal terms of nine years thereafter.

The sublease transactions to UTA and RT were recorded as capital leases in FY 2004. VTA subtracted $23 million and $10 million in net book value assets from its balance sheet and recognized a loss of $16 million and $7.8 million as special items in FY 2004 and FY 2005, respectively.

In September 2013, RT exercised the purchase option of the leased 21 LRVs at $1,000 each in accordance with the sublease agreement entered into by VTA and RT. To date, UTA has not exercised its option to purchase the leased vehicles.

NOTE 22 – SUBSEQUENT EVENT

Federal Funding Grant Agreement

Of the $900 million Federal Section 5309 New Starts grant funding commitment from the FTA for the VTA's Silicon Valley Berryessa Extension Project, $552.6 million has been awarded to date. This includes the $150 million grant awarded in September 2015.

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

For the Year ended June 30, 2015

Amalgamated Transit Union Pension Plan

(Unaudited)

(In Thousands)

	FY 2015	FY 2014
Total Pension Liability		
Service Cost	$ 13,468	$ 12,094
Interest (includes interest on service cost)	43,069	41,417
Difference between expected and actual experience	4,517	-
Benefit payments, including refunds of member contributions	(33,418)	(30,967)
Net change in total pension liability	27,636	22,544
Total Pension Liability, beginning	584,042	561,498
Total Pension Liability,ending	611,678	584,042
Plan Fiduciary Net Position		
Contributions - employer	25,590	25,787
Net investment income	16,094	64,139
Benefit payments, including refunds of member contributions	(33,418)	(30,967)
Administrative expense	(301)	(313)
Net change in Plan Fiduciary Net Position	7,965	58,646
Plan Fiduciary Net Position, beginning	481,226	422,580
Plan Fiduciary Net Position, ending	489,191	481,226
Net Pension Liability, ending	$ 122,487	$ 102,816
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	79.98%	82.40%
Covered-employee Payroll	$ 115,914	$ 107,880
Net Pension Liability as a percentage of covered-employee payroll	105.67%	95.31%

Notes to schedule:

Change in assumptions: There were no changes in assumptions.

Benefit changes: There were no changes in the benefit formula.

Information not available prior to FY 2014.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Plan Contributions

For the Years ending June 30, 2006 to 2015

Amalgamated Transit Union Pension Plan

(Unaudited)

(In Thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually-required Contribution	$ 25,590	$ 25,787	$ 24,413	$ 19,148	$ 17,807	$ 17,905	$ 14,843	$ 16,137	$ 14,859	$ 15,277
Contributions in Relation to the Contractually-required contribution	25,590	25,787	24,413	19,148	17,807	17,905	14,843	16,137	14,859	15,277
Contributions Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee Payroll	$ 115,914	$ 107,880	$ 104,136	$ 104,726	$ 98,741	$ 98,036	$ 99,775	$ 99,408	$ 94,847	$ 89,983
Contributions as a Percentage of Covered-employee Payroll	22.08%	23.90%	23.44%	18.28%	18.03%	18.26%	14.88%	16.23%	15.67%	16.98%

Notes to Schedule

Valuation Date	1/1/2014
Timing	Actuarially-determined contribution rates are calculated based on the actuarial valuation six months prior to the beginning of the fiscal year
Actuarial cost method	Entry Age - Normal
Asset valuation method	5-year smoothed market, subject to 80%/120% corridor
Amortization method	All unfunded liability charges are amortized over a rolling 20-year period as a level dollar amount
Inflation:	3.25%
Amortization growth rate:	0.00%
Salary increases:	3.25% plus merit component
COLA increases:	0.00%
Investment rate of return:	7.50%, net of investment expense
Post-retirement Mortality:	Sex distinct RP-2000 Combined Healthy Blue Collar Mortality, projected to 2025 using 50% of Scale BB, with ages set back one year for female members.

No benefit modification during the last ten years.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

For the Year ended June 30, 2015

California Public Employees' Retirement System (CalPERS)

(Unaudited)

(In Thousands)

TOTAL PENSION LIABILITY	
Service cost	$ 9,055
Interest	24,724
Benefit payments, including refunds of employee contributions	(12,834)
Net Change in Total Pension Liability	20,945
Total Pension Liability - Beginning	331,542
Total Pension Liability - Ending (a)	352,487
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	8,845
Contributions - Employee	4,482
Net Investment Income [1]	41,263
Benefit payments, including refunds of employee contributions	(12,834)
Net Change in Fiduciary Net Position	41,756
Plan Fiduciary Net Position - Beginning	236,519
Plan Fiduciary Net Position - Ending (b)	278,275
Plan Net Pension Liability - Ending (a) - (b)	$ 74,212
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.95%
Covered-Employee Payroll	$ 54,294
Plan Net Pension Liability as a Percentage of Covered Employee Payroll	136.69%

[1]Net of administrative expenses

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit.

Changes of assumptions: There were no changes in assumptions.

Information not available prior to FY 2015.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Plan Contributions

For the Years ending June 30, 2006 to 2015

California Public Employees' Retirement System (CalPERS)

(Unaudited)

(In Thousands)

	2015[a]	2014[b]	2013	2012	2011	2010	2009	2008	2007	2006
Contractually-required Contribution	$ 8,965	$ 8,845	$ 7,497	$ 7,159	$ 6,090	$ 6,167	$ 6,507	$ 6,728	$ 5,929	$ 6,501
Contributions in Relation to the Contractually-required Contribution	8,965	8,845	7,497	7,159	6,090	6,167	6,507	6,728	5,929	6,501
Contributions Deficiency/(Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee Payroll	$ 60,386	$ 54,294	$ 52,712	$ 53,950	$ 51,626	$ 53,231	$54,589	$51,043	$49,682	$50,302
Contributions as a Percentage of Covered-employee Payroll	14.85%	16.29%	14.22%	13.27%	11.80%	11.59%	11.92%	13.18%	11.93%	12.92%

Notes to Schedule:

[a]Based on Payroll records

[b]The actuarial methods and assumptions used to set the actuarially-determined contributions for Fiscal Year 2014 were from the June 30, 2011 public agency valuations.

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll
Asset valuation method	Actuarial value of assets
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.5% Net of Pension Plan Investment and Administrative expenses; includes inflation.
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and Post-retirement rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Funding Progress [1]

As of June 30, 2015

Retirees' Other Post Employment Benefits (OPEB) Trust

(Unaudited)

(In thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2014	$260,310	$ 296,970	$ 36,660	87.7%	$ 162,902	22.5%
6/30/2013	217,659	280,233	62,574	77.7%	152,218	41.1%
6/30/2012	168,415	259,560	91,145	64.9%	142,651	63.9%

[1] The schedule of funding progress presents the most recent actuarial information regarding the OPEB funding progress of the Santa Clara Valley Transportation Authority.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Congestion Management Program Special Revenue Fund
For the Year ended June 30, 2015
(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenue:				
Assessments to member agencies	$2,407	$2,407	$2,407	$ -
Federal grant revenues	1,371	1,371	1,371	-
Administrative fees	110	110	119	9
State and local operating assistance grants	628	628	725	97
Other revenues	182	182	250	68
Investment earnings	38	38	10	(28)
TOTAL REVENUE	4,736	4,736	4,882	146
Expenditures:				
VTA labor and overhead costs	3,922	4,022	3,989	33
Services and other:				
Professional services	1,096	1,463	1,225	238
Other services	13	14	14	-
Data processing	21	21	5	16
Miscellaneous	5	5	1	4
Contribution to Other Agencies	17	191	168	23
TOTAL EXPENDITURES	5,074	5,716	5,402	314
Change in fund balance, on a budgetary basis	$ (338)	$ (980)	$ (520)	$ 460
Revenues and Expenditures not budgeted:				
Unrealized gain/loss on investments			(1)	
Change in fund balance, on a GAAP basis			(521)	
Fund Balance, Beginning of Year			2,020	
Fund Balance, End of Year			$1,499	

See Note accompanying this schedule

Budgetary Basis of Accounting

State law requires the adoption of an annual budget, which must be approved by the VTA's Board of Directors. The VTA Board adopts a biennial budget for its Congestion Management Program Special Revenue Fund. The budget for the Special Revenue Fund is prepared on a modified accrual basis but excludes unrealized gains and losses on investments.

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 Statements)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position

Enterprise Funds

June 30,

(In thousands)

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,760	$ 15,741
Investments	298,234	248,716
Receivables, net	3,221	2,676
Due from other funds	-	292
Due from other agencies	77,764	85,524
Inventories	22,070	20,195
Other current assets	2,399	1,094
Total current assets	**407,448**	**374,238**
Restricted assets:		
Cash and cash equivalents	40,045	14,263
Cash and investments with fiscal agent	68,831	251,977
Investments	760,545	652,551
Receivables, net	-	333
Due from other funds	8,373	-
Due from other agencies	143,046	232,009
Other current assets	235	279
Total restricted current assets	**1,021,075**	**1,151,412**
Non-current assets:		
Net OPEB Asset	20,650	20,650
Intangible Assets	3,966	4,847
Capital Assets		
Nondepreciable:		
Land and right-of-way	1,124,646	1,126,373
Construction in progress	2,177,750	1,728,066
Depreciable:		
Caltrain - Gilroy extension	43,072	43,072
Buildings, improvements, furniture, and fixtures	548,139	516,184
Vehicles	566,821	488,229
Light-rail tracks and electrification	415,905	415,905
Leasehold improvement	9,686	9,686
Other	47,156	46,062
Less: Accumulated depreciation	(833,095)	(768,364)
Net capital assets	**4,100,080**	**3,605,213**
Total Assets	**5,553,219**	**5,156,360**
DEFERRED OUTFLOW OF RESOURCES		
Accumulated decrease in fair value of hedging instruments, deferred amount on refunding, & deferred outflow of resources-pension related	127,922	87,918

(Continued)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Fund Net Position *(Continued)*

Enterprise Funds

June 30,

(In thousands)

	2015	2014
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	14,310	10,705
Accounts payable and accrued expenses	16,357	19,325
Deposits	328	951
Accrued payroll and related liabilities	8,529	7,557
Bond interest and other fee payable	553	590
Unearned revenues	3,201	1,971
Other accrued liabilities	27	102
Total current liabilities	**43,305**	**41,201**
Liabilities payable from restricted assets:		
Current portion of long-term debt	26,965	25,775
Accounts payable and accrued expenses	104,543	81,639
Bond interest and other fee payable	11,683	12,123
Unearned revenues	8,010	39
Due to other funds	8,079	-
Due to other governmental agencies	77,677	104,521
Total current liabilities payable from restricted assets	**236,957**	**224,097**
Non-current liabilities		
Long-term debt, excluding current portion	1,119,490	1,157,311
Derivative instruments	83,451	76,104
Net pension liability *	196,699	-
Total non-current liabilities	**1,399,640**	**1,233,415**
TOTAL LIABILITIES	**1,679,902**	**1,498,713**
DEFERRED AMOUNT ON BOND REFUNDING & DEFERRED INFLOWS RELATED TO PENSION	**23,199**	**8,051**
NET POSITION	**$ 3,978,040**	**$ 3,737,514**

*Resulting from GASB 68 implementation. This consists of $122.50 million for ATU and $74.20 million for CalPERS

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)

	2015	2014
OPERATING REVENUES:		
Passenger fares	$ 39,108	$ 38,372
Toll revenues collected	1,157	1,222
Advertising and other	2,789	2,826
TOTAL OPERATING REVENUES	43,054	42,420
OPERATING EXPENSES:		
Labor cost	286,689	280,690
Materials and supplies	32,407	32,806
Services	28,883	28,488
Utilities	8,316	7,585
Casualty and Liability	5,238	13,813
Purchased transportation	19,241	18,493
Leases and rentals	714	1,334
Miscellaneous	1,735	1,616
Depreciation expense	65,677	59,445
Costs allocated to capital and other programs	(32,441)	(34,864)
TOTAL OPERATING EXPENSE	416,459	409,406
OPERATING LOSS	(373,405)	(366,986)
NON-OPERATING REVENUES (EXPENSES)		
Sales tax revenue	446,374	417,486
Federal operating assistance and other grants	24,553	42,230
Federal subsidy for Build America Bonds	8,715	8,755
State and local operating assistance grants	110,243	106,439
Caltrain subsidy	(8,390)	(7,291)
Capital expenses on behalf of, and contribution to, other agencies	(61,445)	(93,952)
Altamont Commuter Express subsidy	(3,097)	(3,019)
Investment earnings	9,118	9,555
Interest expense	(15,204)	(27,088)
Other income	20,371	6,835
Other expense	(5,734)	(11,096)
NON-OPERATING REVENUE, NET	525,504	448,854
INCOME (LOSS) BEFORE CONTRIBUTIONS	152,099	81,868
CAPITAL CONTRIBUTIONS	277,421	193,899
CHANGE IN NET POSITION	429,520	275,767
NET POSITION, BEGINNING OF YEAR	3,737,514	3,461,747
Adjustment to Net Position due to GASB 68 Implementation	(188,994)	-
NET POSITION, BEGINNING OF YEAR, (AS	3,548,520	3,461,747
NET POSITION, END OF YEAR	$ 3,978,040	$ 3,737,514

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Comparative Schedule of Cash Flows
Enterprise Funds
For the Years Ended June 30,
(In thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from passenger fares	$ 40,212	$ 38,415
Cash received from toll revenues collected	1,186	1,224
Cash received from advertising	2,973	2,847
Cash paid to employees	(256,849)	(245,592)
Cash paid to suppliers	(82,515)	(81,720)
Cash paid for purchased transportation	(19,241)	(18,493)
Other non-operating receipts/(payments)	26,712	2,283
Net cash provided by/(used in) operating activities	(287,522)	(301,036)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants received	197,034	198,011
Sales tax received	394,349	369,269
Caltrain subsidy	(8,390)	(7,291)
Altamont Commuter Express subsidy	(3,097)	(3,019)
Capital contribution to other agencies	(61,845)	(94,320)
Transfers in	30,122	-
Transfers out	(30,118)	-
Net cash provided by/(used in) non-capital financing activities	518,055	462,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payment of long-term debt	(137,130)	(35,030)
Proceeds from issuance of long-term debt	89,980	-
Premium on issuance of long-term bonds	20,035	-
Issuance and other cost	429	93
Proceeds from sale of properties	16,732	-
Advance (to)/from other governments	(23,102)	19,397
Interest and other fees paid on long-term debt	(29,159)	(31,266)
Acquisition and construction of capital assets	(561,405)	(342,773)
Capital contribution from other governments	372,775	70,299
Net cash provided by/(used in) capital and related financing activities	(250,845)	(319,280)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	3,433,451	2,059,115
Purchases of investments	(3,591,390)	(2,131,066)
Interest income received	8,905	5,985
Net cash provided by/(used in) investing activities	(149,034)	(65,966)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(169,346)	(223,632)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	281,982	505,614
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 112,636	$ 281,982

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Comparative Schedule of Cash Flows *(Continued)*

Enterprise Funds

For the Years Ended June 30,

(In thousands)

	2015	2014
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES:		
Operating income/(loss)	$ (373,405)	$ (366,986)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	65,677	59,444
Changes in operating assets and liabilities:		
Other current assets	(1,213)	(30)
Receivables	59	44
Due from other governmental agencies	29	2
Inventories	(1,876)	(986)
Accounts payable	(2,982)	4,652
Other accrued liabilities	(1,804)	934
Deposits from others	52	(413)
Unearned revenue	1,229	20
Other non operating receipts/(payments)	26,712	2,283
Net cash provided by/(used in) operating activities	$ (287,522)	$ (301,036)
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:		
Cash and cash equivalents, end of year:		
Unrestricted	$ 3,760	$ 15,741
Restricted	108,876	266,241
	$ 112,636	$ 281,982
NONCASH ACTIVITIES:		
Increase/(Decrease) in fair value of investments	$ (427)	$ 4,693
Noncash capital contributions	95,354	(123,601)
Amortization expense of Caltrain Access Fee	(881)	(882)
Total non-cash activities	$ 94,046	$ (119,790)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule - Enterprise Fund
VTA Transit Fund
For the year ended June 30, 2015
(In thousands)

	FY15 Adopted Budget	Final Budget	Actual	Positive (Negative)
REVENUES				
Fares	$ 39,905	$ 39,905	$ 39,108	$ (797)
1976 1/2 Cent Sales Tax	190,845	190,845	199,221	8,376
Transportation Development Act funds	89,697	89,697	94,640	4,943
Measure A Sales Tax Operating Assistance	35,171	35,171	36,850	1,678
STA	13,600	13,600	13,950	350
Federal Operating Grants	38,920	38,920	24,553	(14,368)
Less: Transfer for Capital	(25,298)	(25,298)	-	25,298
State Operating Grants	2,635	2,635	1,654	(981)
Investment Earnings	1,412	1,412	1,496	84
Advertising Income	1,912	1,912	2,000	88
Other Income	13,361	13,361	14,535	1,174
Total revenues	**402,161**	**402,161**	**428,006**	**25,845**
OPERATING EXPENSES				
Labor Costs	295,024	295,093	289,390	5,703
Materials & Supplies	16,491	16,493	19,991	(3,498)
Security	9,072	9,632	9,377	255
Professional & Special Services	4,540	5,403	4,581	822
Other Services	7,373	7,393	7,964	(571)
Fuel	17,622	17,005	11,721	5,284
Traction Power	3,539	3,539	3,941	(402)
Tires	1,880	1,880	1,914	(34)
Utilities	2,727	2,727	2,938	(211)
Insurance	5,537	5,637	5,238	399
Data Processing	3,477	3,477	3,032	445
Office Expense	330	330	425	(96)
Communications	1,312	1,312	1,435	(123)
Employee Related Expense	718	720	661	58
Leases & Rents	669	759	839	(80)
Miscellaneous	686	688	974	(286)
Reimbursements	(35,348)	(35,348)	(36,704)	1,357
Total operating expenses	**335,648**	**336,738**	**327,716**	**9,022**
OTHER EXPENSES				
Paratransit	20,800	17,800	17,620	180
Caltrain	14,111	8,701	8,390	311
Light Rail Shuttles	25	25	-	25
Altamont Commuter Express	4,750	4,750	4,718	32
Highway 17 Express	259	259	348	(89)
Monterey-San Jose Express Service	35	35	35	-
Contribution to Other Agencies	740	8,740	8,929	(189)
Debt Service	20,478	20,478	18,376	2,102
Contingencies	2,000	1,321	-	1,321
Total other expenses	**63,198**	**62,108**	**58,414**	**3,694**
Total operating and other expenses	**398,846**	**398,846**	**386,130**	**12,716**
Change in net position, on a budgetary basis	**$ 3,315**	**$ 3,315**	**$ 41,876**	**$ 38,561**

(continued on next page)

NOTE: Totals and subtotals may not be precise due to independent rounding

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund (continued)

VTA Transit Fund

For the year ended June 30, 2015

(In thousands)

	Adopted Budget	Final Budget	Actual	Favorable (Unfavorable)
Change in net position, on a budgetary basis	**$ 3,315**	**$ 3,315**	**$ 41,876**	**$ 38,561**
Reconciliation of net income on a budgetary basis				
to net income on a GAAP Basis:				
Capital Contributions			49,136	
Project Expenditure			(4,265)	
Capital Contributions to Other Agencies			(4,618)	
Bond Principal Payment			10,705	
Unrealized Loss on investment			(98)	
Debt Reduction Fund interest earnings			1,047	
Other non-operating expense			(1,729)	
Other non-budgetary revenues/(expenses)			(1,882)	
Pension expense related to GASB 68 Implementation			2,701	
Transfers for Capital			30,120	
Depreciation			(65,677)	
Net change in net position, on a GAAP Basis			**$ 57,316**	

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Fiduciary Net Position

Retiree Trust Funds

June 30, 2015

(In thousands)

	ATU Pension Trust	OPEB Trust	ATU Medical Trusts: Spousal Medical	ATU Medical Trusts: Vision/ Medical	ATU Medical Trusts: Total Medical Trusts	Total
ASSETS						
Restricted assets:						
Cash and cash equivalents	$ 753	$ 980	$ 1	$ -	$ 1	$ 1,734
Investments	487,537	274,008	13,219	9,271	22,490	784,035
Receivables	1,400	800	-	-	-	2,200
Due from other agencies	2	10	-	-	-	12
Other asset	-	124	-	-	-	124
Total assets	489,692	275,922	13,220	9,271	22,491	788,105
LIABILITIES						
Restricted liabilities:						
Accounts payable	498	495	1	-	1	994
NET POSITION						
Restricted for:						
Pension benefits	489,194	-	-	-	-	489,194
Other post-employment benefits	-	275,427	-	-	-	275,427
Spousal medical benefits	-	-	13,219	-	13,219	13,219
Retiree dental and vision benefits	-	-	-	9,271	9,271	9,271
TOTAL NET POSITION	$489,194	$275,427	$ 13,219	$ 9,271	$ 22,490	$787,111

SANTA CLARA VALLEY TRANSPORTATION AGENCY

Combining Statement of Changes in Fiduciary Net Position

Retiree Trust Funds

For the Year ended June 30, 2015

(In thousands)

	ATU Pension Trust	OPEB Trust	ATU Medical Trusts: Spousal Medical	ATU Medical Trusts: Vision/ Dental	ATU Medical Trusts: Total Medical Trusts	Total
ADDITIONS						
Contributions	$ 25,590	$ 12,093	$ 1,492	$ 372	$ 1,864	$ 39,547
Investment earnings:						
Investment income	28,054	10,970	3	2	5	39,029
Net appreciation/(depreciation) in the fair value of investments	(9,622)	2,856	609	423	1,032	(5,734)
Investment expense	(2,337)	(271)	(2)	(2)	(4)	(2,612)
Net investment income	16,095	13,555	610	423	1,033	30,683
TOTAL ADDITIONS	41,685	25,648	2,102	795	2,897	70,230
DEDUCTIONS						
Benefit payments	33,418	10,433	1,611	233	1,844	45,695
Administrative expenses	298	97	9	6	15	410
TOTAL DEDUCTIONS	33,716	10,530	1,620	239	1,859	46,105
CHANGE IN NET POSITION	7,969	15,118	482	556	1,038	24,125
NET POSITION, BEGINNING OF YEAR	481,225	260,309	12,737	8,715	21,452	762,986
NET POSITION, END OF YEAR	$ 489,194	$ 275,427	$ 13,219	$ 9,271	$ 22,490	$ 787,111

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2015

(In thousands)

	BAAQMD Program	SB83 VRF Agency	Measure B Ancillary Program	Total
Assets				
Restricted assets:				
Cash and cash equivalents	$ 1,141	$ 5,789	$ 143	$ 7,073
Investments	3,601	17,220	-	20,821
Total Assets	4,742	23,009	143	27,894
Liabilities				
Liabilities payable from restricted assets:				
Accounts Payable	-	188	-	188
Program payable	4,742	22,821	143	27,706
Total Liabilities Payable from Restricted Assets	$ 4,742	$ 23,009	$ 143	$ 27,894

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015
(In thousands)

BAAQMD Program	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015
Restricted assets:				
Cash and cash equivalents	$ 55	$ 1,086	$ -	$ 1,141
Investments	4,867	-	1,266	3,601
Total restricted assets	$ 4,922	$ 1,086	$ 1,266	$ 4,742
Liabilities payable from restricted assets:				
Accounts Payable	$ 4	$ -	$ 4	$ -
Program payable	4,918	-	176	4,742
Total liabilities payable from restricted assets	$ 4,922	$ -	$ 180	$ 4,742
SB83 VRF Program				
Restricted assets:				
Cash and cash equivalents	$ 1,959	$ 3,830	$ -	$ 5,789
Investments	18,773	-	1,553	17,220
Total restricted assets	$ 20,732	$ 3,830	$ 1,553	$ 23,009
Liabilities payable from restricted assets:				
Accounts Payable	$ 37	$ 151	$ -	$ 188
Program payable	20,695	2,126	-	22,821
Total liabilities payable from restricted assets	$ 20,732	$ 2,277	$ -	$ 23,009
Measure B Ancillary Program				
Restricted assets:				
Cash and cash equivalents	$ 143	$ -	$ -	$ 143
Total restricted assets	$ 143	$ -	$ -	$ 143
Liabilities payable from restricted assets:				
Program payable	$ 143	$ -	$ -	$ 143
Total liabilities payable from restricted assets	$ 143	$ -	$ -	$ 143
Total - All Agency Funds				
Restricted assets:				
Cash and cash equivalents	$ 2,157	$ 4,916	$ -	$ 7,073
Investments	23,640	-	2,819	20,821
Total restricted assets	$ 25,797	$ 4,916	$ 2,819	$ 27,894
Liabilities payable from restricted assets:				
Account Payable	$ 41	$ 151	$ 4	$ 188
Program payable	25,756	2,126	176	27,706
Total liabilities payable from restricted assets	$ 25,797	$ 2,277	$ 180	$ 27,894

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SECTION 3 – **STATISTICAL SECTION**

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

- Table 1 – Changes in Net Position
- Table 2 – Net Position by Components
- Table 3 – Fund Balances and Changes in Fund Balances, Governmental Funds
- Table 4 – Current Ratio
- Table 5 – Operating Revenues and Operating Expenses
- Table 6 – Non Operating Assistance and Interest Income
- Table 7 – Targeted Operating Reserves

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

- Table 8 – Revenue Base and Revenue Rates
- Table 9 – Overlapping Revenue
- Table 10 – Principal Sales Tax Payers by Segments

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:

- Table 11 – Total Outstanding Debt by Type
- Table 12 – Ratios of Outstanding Debt
- Table 13 – Direct and Overlapping Debt and Debt Limitation
- Table 14 – Pledged Revenue Coverage - 1976 Half-Cent Sales Tax Revenue Bonds
- Table 15 – Pledged Revenue Coverage – 2000 Measure A Half-Cent Sales Tax Revenue Bonds
- Table 16 – Projected Pledged Revenue Coverage

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:

- Table 17 – Population Trends
- Table 18 – Income and Unemployment Rates
- Table 19 – Wage and Salary Employment by Industry (Annual Average)
- Table 20 – Silicon Valley Major Employers

OPERATING INFORMATION:

- Table 21 – Operating Indicators
- Table 22 – Farebox Recovery Ratio
- Table 23 – Revenue Miles
- Table 24 – Passenger Miles
- Table 25 – Selected Statistical Data
- Table 26 – System Data
- Table 27 – Employees
- Table 28 – Capital Assets

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

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Table 1-1

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Changes in Net Position

Ten Years Ended June 30, 2015

(In thousands)

	Fiscal Years									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
EXPENSES										
Business-type activities:										
Operations and Operating Projects	$ 339,857	$ 321,059	$ 344,469	$ 343,973	$ 338,771	$ 343,302	$ 364,723	$375,086	$392,042	$ 407,618
Caltrain Subsidy	14,801	15,237	15,416	15,878	15,878	14,135	10,207	13,700	7,291	8,390
Capital Expenses on behalf of, and contribution to other agencies	27,399	7,272	19,331	42,626	81,714	66,782	80,083	138,794	93,952	61,445
Altamont Commuter Express Subsidy	2,470	2,542	2,621	2,707	2,707	2,706	2,707	2,939	3,019	3,097
Interest Expense	11,562	13,672	12,214	11,651	20,583	23,536	31,307	31,655	27,088	15,204
Other Expenses	6,972	4,636	3,280	5,446	7,268	15,434	8,059	5,865	11,096	5,734
Benefit Payments	11,538	14,285	10,513	9,826	7,693	8,410	11,419	10,689	$ 17,947	8,881
Total Business-Type Activities Expenses	414,599	378,703	407,844	432,107	474,614	474,305	508,505	578,728	552,435	510,369
Governmental activities:										
Operations and operating projects	5,982	6,528	6,450	8,840	7,164	7,196	6,692	7,622	7,544	8,071
Contribution to agencies	-	-	-	-	-	867	37	25	68	168
Capital projects for the benefit of other agencies	80,763	45,806	43,798	26,398	19,402	21,091	19,052	34,245	36,184	20,127
Total governmental activities expenses	86,745	52,334	50,248	35,238	26,566	29,154	25,781	41,892	43,796	28,366
Total primary government expenses	$ 501,344	$ 431,037	$ 458,092	$ 467,345	$ 501,180	$ 503,459	$ 534,286	$620,620	$596,231	$ 538,735
PROGRAM REVENUES										
Business-type activities:										
Charges for services	$ 36,926	$ 37,876	$ 38,053	$ 38,439	$ 38,830	$ 40,014	$ 40,070	$ 41,821	$ 42,420	$ 43,054
Operating grants	114,764	140,431	126,505	114,937	126,934	137,804	140,419	142,577	148,669	134,796
Capital grants	22,522	199,999	153,443	82,175	92,594	148,303	115,584	272,950	193,899	277,421
Total business-type activities program revenues	174,212	378,306	318,001	235,551	258,358	326,121	296,073	457,348	384,988	455,271
Governmental activities:										
Charges for services	2,290	2,397	2,475	2,618	2,606	2,520	2,503	2,520	2,519	2,526
Operating grants	850	1,023	2,193	1,496	1,854	2,127	2,110	1,775	2,424	2,096
Capital grants	83,207	48,180	45,109	29,479	22,314	24,051	21,530	37,612	38,989	22,964
Total governmental activities program revenues	86,347	51,600	49,777	33,593	26,774	28,698	26,143	41,907	43,932	27,586
Total primary government revenues	$ 260,559	$ 429,906	$ 367,778	$ 269,144	$ 285,132	$ 354,819	$ 322,216	$499,255	$428,920	$ 482,857
NET PROGRAM (EXPENSES)/REVENUES										
Business-type activities	$(240,387)	$ (397)	$ (89,843)	$(196,556)	$(216,256)	$(148,184)	$(212,432)	($121,380)	($167,447)	$ (55,098)
Governmental activities	(398)	(734)	(471)	(1,645)	208	(456)	362	15	136	(780)
Total primary government net program (expenses)/revenues	$(240,785)	$ (1,131)	$ (90,314)	$(198,201)	$(216,048)	$(148,640)	$(212,070)	($121,365)	($167,311)	$ (55,878)

Table 1-2
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends - Changes in Net Position
Ten Years Ended June 30, 2015
(In thousands)

	Fiscal Years									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Business-type activities:										
Sales tax revenue	$ 195,453	$ 325,037	$ 323,575	$ 274,903	$ 279,342	$ 306,456	$ 332,847	$ 395,163	$417,486	$ 446,374
Investment income	10,537	27,288	22,511	16,862	7,352	11,039	19,289	316	9,861	9,420
Proceeds from sale of land	-	-	-	-	-	642	6,300	4,052	-	16,732
Federal subsidy for Build America Bonds	-	-	-	-	-	5,848	9,399	9,126	8,755	8,715
Other income	9,158	1,347	3,523	3,385	3,241	6,865	6,007	3,254	7,325	4,261
Special items:										
Transfer to OPEB Trust	-	-	(101,738)	-	-	-	-	-	-	-
Change in provisions for workers' compensation claims	-	23,769	4,662	3,500	-	5,716	-	-	-	-
Total business-type activities	215,148	377,441	252,533	298,650	289,935	336,566	373,842	411,911	443,427	485,502
Governmental activities:										
Investment income	207	267	349	41	12	10	31	8	23	9
Other income	28	3	151	161	15	1,106	104	115	279	250
Total governmental activities	235	270	500	202	27	1,116	135	123	302	259
TOTAL PRIMARY GOVERNMENT	215,383	377,711	253,033	298,852	289,962	337,682	373,977	$ 412,034	443,729	485,761
CHANGE IN NET POSITION										
Business-type activities	(25,239)	377,044	162,690	102,094	73,679	188,382	161,410	290,531	275,980	430,404
Governmental activities	(163)	(464)	29	(1,443)	235	660	497	138	438	(521)
Total primary government	$ (25,402)	$ 376,580	$ 162,719	$ 100,651	$ 73,914	$ 189,042	$ 161,907	$ 290,669	$276,418	$ 429,883

TABLE 2
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends - Net Position by Component
Ten Years Ended June 30, 2015
(In thousands)

	Fiscal Years									
	2006	**2007**	**2008**	**2009[1]**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$ 1,817,396	$1,888,879	$ 2,056,769	$ 2,180,768	$ 2,195,790	$ 2,220,118	$ 2,351,676	$ 2,481,805	$ 2,613,290	$ 2,950,181
Restricted	35,153	353,186	141,764	362,079	449,096	572,054	548,367	649,724	759,608	822,834
Unrestricted	245,098	232,626	438,848	196,628	168,268	209,364	262,903	321,948	356,559	197,852
Total Business-Type Activities Net Position	2,097,647	2,474,691	2,637,381	2,739,475	2,813,154	3,001,536	3,162,946	3,453,477	3,729,457	3,970,867
GOVERNMENTAL ACTIVITIES										
Restricted Net Position	1,930	1,466	1,495	52	287	947	1,444	1,582	2,020	1,499
PRIMARY GOVERNMENT										
Net investment in Capital Assets	1,817,396	1,888,879	2,056,769	2,180,768	2,195,790	2,220,118	2,351,676	2,481,805	2,613,290	2,950,181
Restricted	37,083	354,652	143,259	362,131	449,383	573,001	549,811	651,306	761,628	824,333
Unrestricted	245,098	232,626	438,848	196,628	168,268	209,364	262,903	321,948	356,559	197,852
Total Primary Governmental Net Position	$ 2,099,577	$2,476,157	$ 2,638,876	$ 2,739,527	$ 2,813,441	$ 3,002,483	$ 3,164,390	$ 3,455,059	$ 3,731,477	$ 3,972,366

[1] Business-type amount reclassified to match 2010 presentation.

TABLE 3

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Fund Balances and Changes in Fund Balances, Governmental Funds

Ten Years Ended June 30, 2015

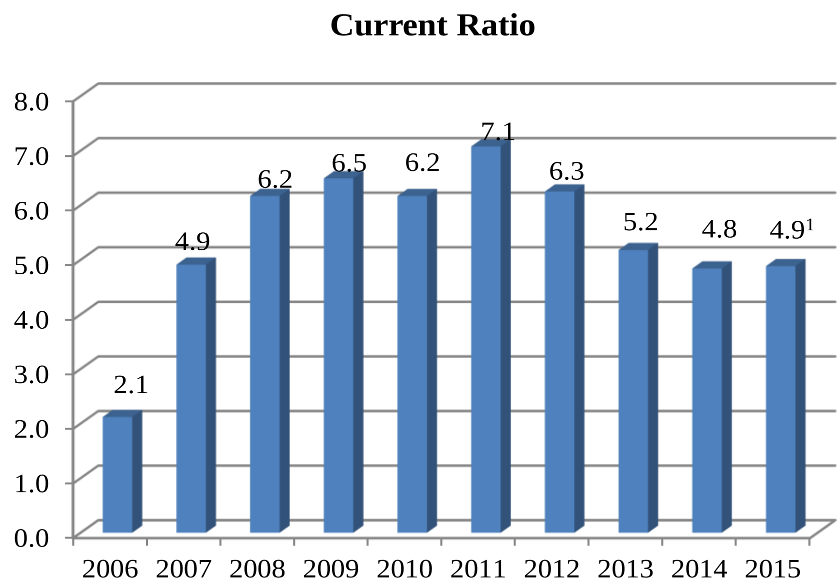
(Modified Accrual Basis of Accounting)

(In thousands)

	Fiscal Years									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
REVENUES										
Member Agency Assessment Revenue	$2,250	$2,329	$2,410	$ 2,495	$2,495	$2,407	$2,407	$2,407	$2,407	$2,407
Federal Technical Studies Operating Assistance Grants	621	794	1,102	915	1,235	1,398	1,367	1,014	1,728	1,371
Administrative Fees	40	68	65	123	111	113	96	113	112	119
State and Local Assistance Grants	229	229	1,091	581	619	729	743	761	696	725
Federal, State and Local Grant Revenues	83,207	48,180	45,109	29,479	22,314	24,051	21,530	37,612	38,989	22,964
Other Revenues	28	3	151	161	15	1,106	104	115	279	250
Investment Earnings	207	267	349	41	12	10	31	8	23	9
Total Revenues	86,582	51,870	50,277	33,795	26,801	29,814	26,278	42,030	44,234	27,845
EXPENDITURES										
Current:										
Congestion Management:										
VTA Labor and Overhead Costs	5,179	5,640	5,680	8,006	6,606	6,814	6,245	7,044	7,160	6,826
Professional Services	803	888	770	793	541	374	436	563	359	1,225
Program Expenditures	-	-	-	41	17	8	11	15	25	19
Miscellaneous	-	-	-	-	-	-	-	-	-	1
Contribution to agencies	-	-	-	-	-	867	37	25	68	168
Capital Improvement Projects	80,763	45,806	43,798	26,398	19,402	21,091	19,052	34,245	36,184	20,127
Total Expenditures	86,745	52,334	50,248	35,238	26,566	29,154	25,781	41,892	43,796	28,366
Excess (Deficiency) of Revenues Over Expenditures	(163)	(464)	29	(1,443)	235	660	497	138	438	(521)
OTHER FINANCING SOURCES (USES):										
Net Change in Fund Balances	$ (163)	$ (464)	$ 29	$(1,443)	$ 235	$ 660	$ 497	$138	$ 438	$ (521)
TOTAL GOVERNMENTAL FUNDS										
Restricted – Special Revenue Funds	1,930	1,466	1,495	52	287	947	1,444	1582	2,020	1,499
Total Governmental Funds	$1,930	$1,466	$1,495	$ 52	$ 287	$ 947	$1,444	$1,582	$2,020	$1,499

TABLE 4
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends – Current Ratio
Enterprise Funds
Ten Years Ended June 30, 2015

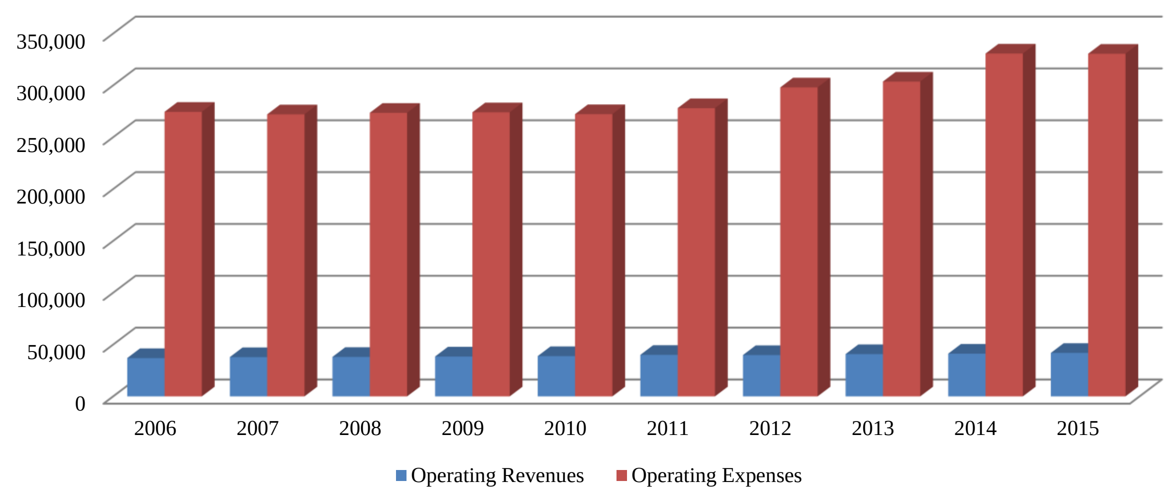
The Current Ratio indicates VTA's ability to meet all of its short-term liabilities with liquid assets and is determined by dividing total current assets and restricted assets by all current liabilities and liabilities payable from restricted assets. A Current Ratio of 1 or higher is an indication of financial strength.



[1]Current assets exclude 2010 Measure A bond proceeds of $52.6 million. Although bond proceeds are with fiscal agent and categorized as current, these are restricted for 2000 Measure A projects.

TABLE 5
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends – Operating Revenues & Operating Expenses
VTA Transit
Ten Years Ended June 30, 2015

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

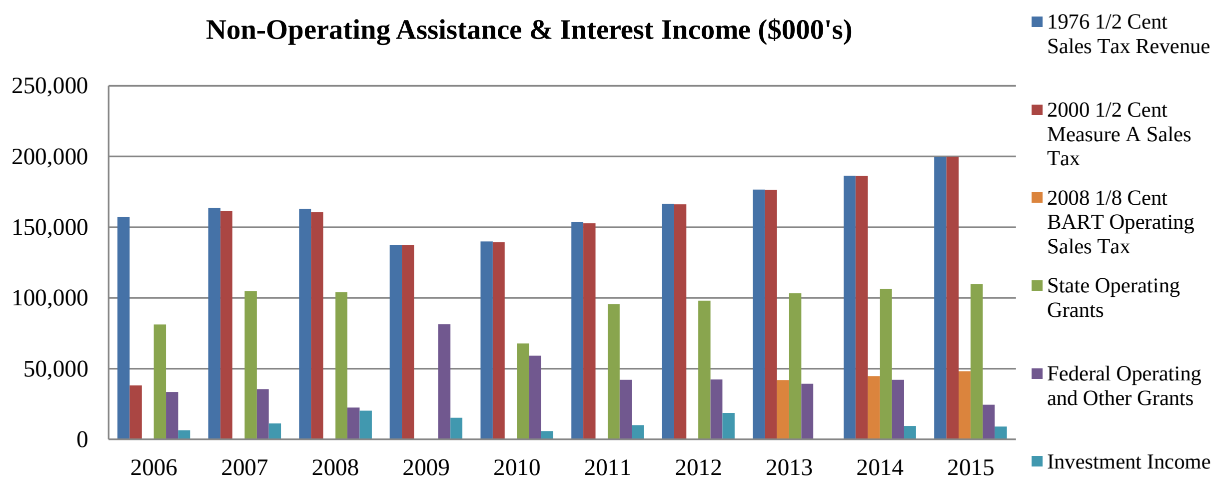


Operating Revenues and Operating Expenses
(In thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues	$ 36,926	$ 37,876	$ 38,053	$ 38,439	$ 38,830	$ 40,014	$ 39,852	$ 40,772	$ 41,198	$ 41,897
Operating Expenses	274,426	271,975	273,495	273,979	272,196	277,984	297,988	303,622	330,614	330,466

TABLE 6
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends – Non-Operating Assistance and Interest Income
Enterprise Funds
Ten Years Ended June 30, 2015
(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. This is the third year of collection for 2008 Measure B 1/8-cent BART Operating Sales Tax revenue and the tenth year of collection for 2000 Measure A 1/2-cent Sales Tax revenue.



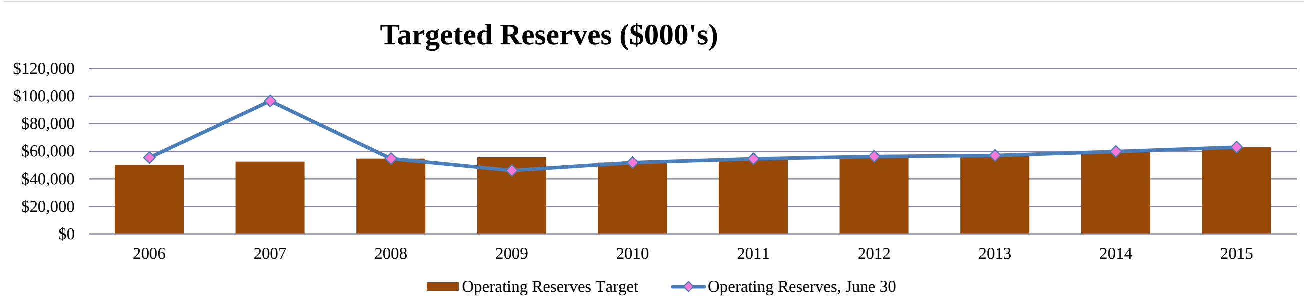
Non-Operating Assistance and Interest Income
(In thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1976 1/2 Cent Sales Tax Revenue	$ 157,283	$ 163,676	$ 163,038	$ 137,642	$ 140,037	$ 153,601	$ 166,567	$ 176,716	$ 186,431	$ 199,221
2000 1/2 Cent Measure A Sales Tax Revenue [1]	38,170	161,361	160,537	137,261	139,305	152,855	166,280	176,533	186,302	199,653
2008 1/8 Cent BART Operating Sales Tax Revenue [2]	-	-	-	-	-	-	-	41,914	44,753	47,500
State and local Operating Grants	81,199	104,917	104,080	-	67,834	95,579	98,133	103,213	106,439	110,243
Federal Operating and Other Grants	33,565	35,514	22,425	81,488	59,100	42,225	42,286	39,364	42,230	24,553
Investment Income	6,457	11,304	20,370	15,341	5,764	10,067	18,594	292	9,555	9,118

[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.

TABLE 7
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends – Targeted Operating Reserves
VTA Transit Fund
Ten Years Ended June 30, 2015

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) to determine current net position. Current Net Position is then reduced by inventory and other current assets to reach a current operating reserve total.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
				(In thousands)						
Current Assets, excluding restricted asset	$ 113,717	$ 158,291 [4]	$ 120,374	$ 103,697	$ 104,933	$ 108,396	$ 106,085	$ 101,726	$ 110,906	$ 124,284
Total Current Liabilities, excluding restricted liability	(37,945)	(41,602)	(44,953)	(33,716)	(30,950)	(33,484)	(29,547)	(24,329)	(29,790)	(36,878)
Current Net Position	$ 75,772	$ 116,689	$ 75,421	$ 69,981	$ 73,983	$ 74,912	$ 76,538	$ 77,397	$ 81,116	$ 87,406
Inventory & Other Current Assets [5]	(20,361)	(20,234)	(20,791)	(23,936)	(22,126)	(20,317)	(20,270)	(20,373)	(21,289)	(24,469)
Operating Reserves, June 30	$ 55,411	$ 96,455	$ 54,630	$ 46,045	$ 51,857	$ 54,595	$ 56,268	$ 57,024	$ 59,827	$ 62,937
Operating Reserves Target (15% of Budgeted Expenses)	$ 50,081	$ 52,599	$ 54,630	$ 55,760	$ 51,857	$ 54,595	$ 56,268	$ 57,024	$ 59,827	$ 62,937

[1] In FY 2010, the operating reserve target is 15% of final operating budget at June 30. In Prior years, it was based on 15% of adopted operating budget.

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

[3] Starting FY 2012, the current assets balance includes a transfer to the following reserve accounts: local share of capital projects, debt reduction, and sales tax stabilization.

[4] Includes transfer to debt reduction fund of $50 M.

[5] Starting FY2008, this includes inventory and other current assets; prior years included inventory only.

TABLE 8
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity – Revenue Base and Revenue Rates
Ten Year Ended June 30, 2015

	Fiscal Years									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Passenger Fares[1] ('000)	$ 34,335	$ 35,242	$ 35,830	$ 36,184	$ 36,857	$ 38,106	$ 37,744	$ 38,331	$ 38,372	**$ 39,108**
Percentage Increase/(Decrease) from Prior Year	7.1 %	2.6 %	1.7 %	1.0 %	1.9 %	3.4 %	(0.9)%	1.6%	0.1%	1.9%
Revenue Base										
Number of Passengers [2]	39,217,851	41,990,098	43,555,049	45,264,434	41,733,376	41,409,630	42,426,797	43,174,646	43,428,492	43,944,096
Percentage Increase/(Decrease) from Prior Year	5.8 %	7.1 %	3.7 %	3.9 %	(7.8)%	(0.8)%	2.5 %	1.8%	0.6 %	1.2 %
Fare Structure										
Adult Local Fare	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.00
Youth Local Fare	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.75	1.75	1.75
Senior/Disabled Local Fare	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00
Sales Tax Revenues (In thousands)										
1976 1/2 Cent Sales Tax [3]	$ 157,283	$ 163,676	$ 163,038	$ 137,642	$ 140,037	$ 153,601	$ 166,567	$ 176,716	$ 186,431	$ 199,221
2000 Measure A 1/2 Cent Sales Tax [4]	38,170	161,361	160,537	137,261	139,305	152,855	166,280	176,533	186,302	199,653
2008 1/8 Cent BART Operating Sales Tax [5]	-	-	-	-	-	-	-	41,914	44,753	47,500
Total Sales Tax Revenue Receipts [6]	$ 195,453	$ 325,037	$ 323,575	$ 274,903	$ 279,342	$ 306,456	$ 332,847	$ 395,163	$ 417,486	$ 446,374
Percentage Increase/(Decrease) from Prior Year										
1976 1/2 Cent Sales Tax	8.5 %	4.1 %	(0.4)%	(15.6)%	1.7 %	9.7 %	8.4 %	6.1%	5.5 %	6.9 %
2000 Measure A 1/2 Cent Sales Tax	N/A	322.7 %	(0.5)%	(14.5)%	1.5 %	9.7 %	8.8 %	6.2%	5.5 %	7.2 %
2008 1/8 Cent BART Operating Sales Tax	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6.8 %	6.1 %

[1] Includes fares for directly operated transit services such as bus, light rail, and shuttle services.
[2] Represents system ridership total boarding.
Source: VTA Operations Division
[3] The 1976 half-cent sales tax was approved by County voters in 1976 to fund VTA's transit operations and transportation improvement.
[4] The 2000 Measure A half-cent sales tax was approved by County voters in 2000 to fund specific transportation improvement projects.
The collection of this half-cent tax measure started in April 2006.
[5] The 2008 1/8 cent Sales Tax was approved by County voters in 2008 to fund BART operating activities.
The collection of this 1/8 cent tax measure started in July 2012.
[6] VTA receives the sales tax based on the total taxable sales activity in the County.

TABLE 9
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity - Overlapping Revenue
Sales Tax Rates
Ten Years Ended June 30, 2015

Fiscal Year	State	City	VTA[1]	Total
2006[2]	6.25%	1.00%	1.00%	8.25%
2007	6.25%	1.00%	1.00%	8.25%
2008	6.25%	1.00%	1.00%	8.25%
2009[3]	7.25%	1.00%	1.00%	9.25%
2010	7.25%	1.00%	1.00%	9.25%
2011	7.25%	1.00%	1.00%	9.25%
2012[4]	6.25%	1.00%	1.00%	8.25%
2013[5]	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%

[1] VTA has three 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. The 2008 1/8-cent sales tax was approved by County voters in 2008 to fund BART Operating and maintenance. The collection of this 1/8-cent tax measure started in July 2012.

[2] There was a partial year collection of 1996 Measure B Sales Tax which expired on March 31, 2006. The collection of VTA's 2000 Measure A Sales Tax started on April 1, 2006.

[3] California state legislature approved a 1% sales tax increase effective July 1, 2009.
Source: California Board of Equalization

[4] The 1% sales tax increase approved by the California state legislature in 2009 expired on July 1, 2011.
Source: California Board of Equalization.

[5] 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.

Source: California Board of Equalization

TABLE 10
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity - Principal Sales Tax Payers by Segments
(In millions)

	Fiscal Year 2014 [1]			Fiscal Year 2005		
Principal Revenue Payers	**Rank**	**Percentage of Taxable Sales**	**Amount**	**Rank**	**Percentage of Taxable Sales**	**Amount**
Total all Other Outlets [2]	1	40.9%	$ 15,689	1	37.4%	$ 10,789
Motor Vehicle & Parts Dealers	2	10.1%	3,859	2	12.0%	3,460
Food Services & Drinking Places	3	10.0%	3,817	5	8.1%	2,344
Gasoline Stations	4	6.8%	2,596	6	6.0%	1,743
General Merchandise Stores	5	6.7%	2,560	4	8.4%	2,419
Clothing & Clothing Accessories	6	6.1%	2,350	8	4.5%	1,306
Bldg. Matrl. & Garden Equip. & Suppl.	7	4.3%	1,647	7	5.7%	1,643
Electronics & Appliance Stores	8	3.6%	1,374	13	1.0%	297
Food & Beverage Stores	9	3.0%	1,131	9	3.3%	955
Miscellaneous Store Retailers	10	1.9%	734	3	9.2%	2,661
Sport Goods, Hobby, Book & Music	11	1.8%	708	12	1.1%	330
Furniture & Home Furnishing Stores	12	1.7%	643	10	2.0%	591
Health & Personal Care Stores	13	1.7%	640	11	1.2%	341
Non-Store Retailers	14	1.5%	570		0.0%	-
Total		100.0%	$ 38,318		100.0%	$ 28,879

[1] 2015 data not available at printing

[2] This category is made up of diverse manufacturers and wholesalers, construction contractors, petroleum producer, and a multitude of professional services.

Source: State Board of Equalization, Taxable Sales in California (Sales and Use Tax)

TABLE 11

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Total Outstanding Debt by Type

Ten Years Ended June 30, 2015

(In thousands)

Fiscal Year	Series 1985 A Equipment Trust Certificates[1]	1976 Sales Tax Revenue Bonds	2000 Sales Tax Revenue Bonds	Total Outstanding Debt
2006	29,660	280,319	390,036	700,015
2007	29,200	271,277	445,651	746,128
2008	26,500	279,600	356,825	662,925
2009	-	270,710	355,970	626,680
2010	-	246,298	369,775	616,073
2011	-	237,817	1,036,892	1,274,709
2012	-	219,399	1,029,105	1,248,504
2013	-	209,007	1,021,127	1,230,134
2014	-	210,536	983,255	1,193,791
2015	-	199,054	961,711	1,160,765

[1]$26.5 million redeemed in FY2009.

TABLE 12
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Debt Capacity - Ratios of Outstanding Debt
Ten Years Ended June 30, 2015

Fiscal Year	Total Outstanding Debt (In thousands)	Total County Taxable Sales[1] (In thousands)	Total Debt as a % of Taxable Sales	Personal Income[2] (In thousands)	Total Debt as a % of Personal Income	Santa Clara County Population (In thousands)	Total Debt per Capita
2006	700,015	31,623,873	2.21%	96,092,804	0.73%	1,773	395
2007	746,128	33,131,466	2.25%	103,501,849	0.72%	1,808	413
2008	662,925	33,476,000	1.98%	104,331,553	0.64%	1,837	361
2009	626,680	29,009,000	2.16%	96,315,176	0.63%	1,858	337
2010	616,073	28,720,000	2.15%	103,636,350	0.59%	1,880	328
2011	1,274,709	32,238,000	3.95%	111,880,131	1.14%	1,782	715
2012	1,248,504	34,698,000	3.60%	122,259,021	1.02%	1,816	688
2013	1,230,134	37,013,000	3.32%	130,624,491	1.08%	1,842	668
2014	1,193,791	38,318,000	3.12%	131,930,736	0.90%	1,869	639
2015	1,160,765	38,701,180	3.00%	133,250,043	0.87%	1,890	614

[1] Taxable sales data is available through Fiscal Year 2014. FY 2015 assumes a 1% increase over the previous year's numbers.
[2] Personal income actual is available through Fiscal Year 2013. FYs 2014 and 2015 assume a 1% increase over the previous 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 ½-cent Sales Tax Measure in 1976; the 2000 Measure A ½-cent Sales Tax in 2000. Collection of the 2000 Measure A ½-cent Sales Tax began in April 2006.

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.

Santa Clara Valley Transportation Authority does not have 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, 2015
(In thousands)

	Available Revenue	Annual Debt Service[1]			
Fiscal Year	**Sales Tax Revenue**	**Principal**	**Interest[2]**	**Total**	**Coverage**
2006	157,283	10,955	11,562	22,517	7.0
2007	163,676	10,855	13,672	24,527	6.7
2008	163,038	11,315	12,214	23,529	6.9
2009	137,642	8,890	11,651	20,541	6.7
2010	140,037	9180[3]	7,025	16,205	8.6
2011	152,050	9,370	6,748	16,118	9.4
2012	166,567	10,215	8,153	18,368	9.1
2013	176,716	10,400	9,194	19,594	9.0
2014	186,431	10,435	9,766	20,201	9.2
2015	199,221	10,705	7,965	18,670	10.7

[1] This schedule includes Junior and Senior Lien debts.
[2] Interest is exclusive of interest earned from bond proceeds.
[3] This does not include regular principal of $2.9 million due for 1985 Equipment Trust Certificates as this debt was redeemed in FY 2009.

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, 2015
(In thousands)

	Available Revenue	Annual Debt Service			
Fiscal Year	Sales Tax Revenue	Principal	Interest[1]	Total	Coverage[2]
2006	38,170	-	17,467	17,467	n/a[3]
2007	161,361	-	15,202	15,202	10.6
2008	160,537	-	14,943	14,943	10.7
2009	137,261	855	12,321	13,176	10.4
2010	139,305	-	14,156	14,156	9.8
2011	151,518	2,430	33,490	35,920	4.2
2012	166,280	2,525	44,337	46,862	3.5
2013	176,533	2,625	44,262	46,887	3.8
2014	186,302	24,595	45,577	70,172	2.7
2015	199,653	25,775	45,086	70,861	2.8

[1] This is exclusive of interest earned from bond proceeds.
[2] Bond indenture requires VTA to maintain coverage ratio of at least 1.3.
[3] Collection of the 2000 Measure A Sales Tax began in April 2006.

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, 2016 through 2020.

1976 Sales Tax Revenues and Senior Lien Debt Service Coverage
Fiscal Years Ending June 30, 2016 – 2020 (Proforma and Unaudited)
(In thousands)

Fiscal Year Ending June 30	Projected Sales Tax Revenue	Percent Increase[1*]	Aggregate Debt Service[2]	Projected Coverage[3]
2016	207,439	4.91%	$21,080	9.84
2017	216,835	4.53%	21,082	10.29
2018	226,110	4.28%	21,079	10.73
2019	233,304	3.18%	21,075	11.07
2020	240,265	2.98%	21,075	11.40

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, 2016 through 2020.

2000 Measure A Sales Tax Revenues and Debt Service Coverage
Fiscal Years Ending June 30, 2016 – 2020 (Proforma and Unaudited)
(In thousands)

Fiscal Year Ending June 30	Projected Sales Tax Revenue	Percent Increase[1*]	Aggregate Debt Service[4]	Projected Coverage[3]
2016	207,439	4.91%	$73,389	2.83
2017	216,835	4.53%	73,356	2.96
2018	226,110	4.28%	73,395	3.08
2019	233,304	3.18%	73,057	3.19
2020	240,265	2.98%	73,034	3.29

[1] Source: Growth rates provided by outside economists.
[2] Includes actual debt service on the 2007 and 2011 Bonds. Debt Service on the 2008 Bonds is calculated based on the rate established pursuant to the 2008 Swap Agreement, 3.145%.
[3] Does not include any additional parity debt.
[4] Includes actual debt service on the 2007 and 2010 Bonds. Debt Service on the 2008 Bonds is calculated based on the rate established pursuant to the 2008 Swap Agreement, 3.765%.
*No assurance is given that actual results will meet the forecasts of VTA in any way.

TABLE 17
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Demographic and Economic Data – Population Trends

According to population estimates provided by the State of California, the number of residents in Santa Clara County is increasing gradually on a yearly basis. The County's population increased by approximately 6.06% in 2015 Census compared to the 2010 Census.

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

County of Santa Clara Population

	1960	1970	1980	1990	2000	2010	2015
Campbell	11,863	24,731	26,843	36,048	38,138	39,349	41,857
Cupertino	3,664	18,216	34,297	40,263	50,546	58,302	59,756
Gilroy	7,348	12,665	21,641	31,487	41,464	48,821	53,000
Los Altos	19,696	24,872	25,769	26,303	27,693	28,976	30,036
Los Altos Hills	3,412	6,862	7,421	7,514	7,902	7,922	8,341
Los Gatos	9,036	23,466	26,906	27,357	28,592	29,413	30,505
Milpitas	6,572	27,149	37,820	50,686	62,698	66,790	72,606
Monte Sereno	1,506	3,074	3,434	3,287	3,483	3,341	3,451
Morgan Hill	3,151	6,485	17,060	23,928	33,556	37,882	41,779
Mountain View	30,889	54,206	58,655	67,460	70,708	74,066	77,914
Palo Alto	52,475	55,999	55,225	55,900	58,598	64,403	66,932
San Jose	204,196	445,779	629,400	782,248	894,943	945,942	1,016,479
Santa Clara	58,880	87,717	87,700	93,613	102,361	116,468	120,973
Saratoga	14,861	27,199	29,261	28,061	29,843	29,926	30,799
Sunnyvale	51,898	95,408	106,618	117,229	131,760	140,081	148,028
Unincorporated	162,056	152,181	127,021	106,193	100,300	89,960	87,182
County Total[1]	641,503	1,066,009	1,295,071	1,497,577	1,682,585	1,781,642	1,889,638
California	15,717,204	18,136,045	23,668,145	29,760,021	33,871,648	37,253,956	38,715,000

[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, 2015

Year	Santa Clara County Personal Income (In thousands)[1,2]	Santa Clara County Per Capita Personal Income [1,2]	Unemployment Rate[3]
2006	96,092,804	55,020	5.0%
2007	103,501,849	60,107	4.7%
2008	104,331,553	59,227	5.1%
2009	96,315,176	55,781	11.8%
2010	103,636,350	58,018	11.3%
2011	111,880,131	61,833	10.3%
2012	122,259,021	66,535	8.7%
2013	130,624,491	70,151	6.8%
2014	131,930,736	70,853	5.2%
2015	133,250,043	71,562	3.9%

[1] Bureau of Economic Analysis U.S. Department of Commerce.
[2] Actual data is available through 2013. Years 2014 and 2015 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 Ending June 30, 2014
(In thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Civilian Labor Force [1]	823.7	834.4	855.2	876.8	879.8	871.6	894.8	910.9	924.0	993.7
Civilian Employment	778.7	797.1	814.7	825.2	777.5	774.0	804.6	830.6	857.5	942.3
Civilian Unemployment	45.0	37.3	40.5	51.7	102.2	97.6	90.2	80.3	66.5	51.4
Civilian Unemployment Rate										
County	5.5%	4.5%	4.7%	5.9%	11.6%	11.2%	10.1%	8.8%	7.2%	5.2%
State of California	5.4%	4.9%	5.4%	7.0%	11.6%	12.2%	12.0%	10.6%	8.5%	7.4%
Wage and Salary Employment [2]										
Total Farm Agriculture	3.8	3.8	3.7	4.6	3.6	3.6	3.4	3.5	5.1	3.6
Construction and Mining	42.7	45.5	49.5	50.1	32.9	32.3	30.9	35.6	37.6	38.6
Manufacturing	168.6	167.4	163.7	166.3	153.5	150.7	154.6	155.1	156.3	156.6
Transportation & Public Utilities	13.0	12.6	13.1	13.8	11.7	11.9	11.8	12.7	13.9	14.7
Wholesale Trade	35.1	37.6	39.1	39.9	36.0	34.7	35.0	34.4	36.2	36.2
Retail Trade	81.7	83.1	86.2	88.2	77.4	75.6	77.5	80.3	84.2	82.3
Finance, Insurance & Real	35.9	36.8	38.2	39.5	31.5	30.8	31.2	33.6	33.9	35.1
Services	384.8	401.3	416.7	424.1	404.4	418.5	432.8	455.4	450.0	469.1
Government	93.0	93.5	90.2	92.7	95.0	93.4	88.6	90.2	93.5	92.4
Information	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	66.2
Total [3]	858.6	881.6	900.4	919.2	846.0	851.5	865.8	900.8	910.7	994.8

[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 2014. FY 2014 is the most recent available data.
[2] Wage and salary employment is reported by place of work. Data are benchmarked to 2014
[3] Totals may not be precise due to independent rounding.

Sources: State of California, Employment Development Department
Department of Finance, Statistics & Demographic Research.
www.dice.com, April 2007 - Technology Job Market – Silicon Valley, CA Q1 2007

TABLE 20
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Demographic and Economic Data – Silicon Valley Major Employers
Current Year and Nine Years ago

Company Name	Nature of Operations	FY 2015 Number of Employees	FY 2015 Rank	FY 2006 Number of Employees	FY 2006 Rank
Google Inc.	Search, advertising and web software	20,000	1	2,882	17
Apple Inc.	Computer electronics	19,000	2		
County of Santa Clara	County government	17,879	3	15,279	1
Cisco Systems, Inc.	Design,manufactgure & sell networking equipment	14,488	4	13,860	2
Stanford University	Research university	13,387	5	12,000	3
Kaiser Permanente	Integrated healthcare delivery plan	12,500	6		
Stanford Health Care	Health System	9,981	7		
University of California Santa Cruz	Public University	8,258	8		
Oracle Corp.	Hardware and software,cloud	7,315	9	7,400	7
Safeway, Inc.	Grocery retailer	6843	10		
Santa Clara Valley Health & Hospital System	Public healthcare system	6,680	11		
Intel Corp.	Semiconductor	6,400	12	6,878	9
Lockheed Martin Space Systems Co.	Aerospace	5,898	13	7,780	5
U.S.Postal Service	Mail service	5,800	14		
San Mateo County	Government Agency	5,472	15		
Tesla Motors Inc.	Electric Vehicle Designer & Manufacturer	5,001	16		
Facebook Inc.	Online Social Networking Service	5,000	17		
eBay Inc.	E-commerce Company	4,700	18	3,200	15
Department of Veterans Affairs, Palo Alto Health Care System	Government-run Military Veteran Benefit System	4,664	19		
Gilead Sciences Inc.	Biotechnology Company	4,577	20		
Hewlett-Packard Co.	Information Technology Company	4,570	21	9,000	4
San Jose State University	Public University	4,371	22	2,533	19
Linkedin Corp.	Business-oriented social networking service	4,039	23		
Palo Alto Medical Foundation	Not-for-profit healthercare organization and multispecialty group practice	4,012	24		
County of Monterey	County government	4,000	25		

Source: Silicon Valley/San Jose Business Journal. July 1/, 2015
* Estimate provided by the most recent city and county financial reports because the employer did not provide local employment figure. Ranking is based on low end of range.

The concentration of Santa Clara County's productivity is derived primarily from numerous high-technology and bioscience companies. 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 17,879 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, 2015

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
2006	30,938,044	99,966	18,499,971	1,346,841	15,678,367	120,583	345	440	524
2007	31,646,555	102,123	18,705,711	1,364,903	15,882,356	128,290	345	453	524
2008	33,103,495	106,673	18,784,524	1,389,344	16,013,930	143,102	343	456	535
2009	34,510,273	111,820	18,500,655	1,379,428	15,800,214	152,856	336	424	448
2010	31,983,494	103,575	17,739,605	1,322,661	15,130,519	142,754	333	412	424
2011	31,395,126	102,187	16,990,315	1,269,071	14,376,811	148,225	333	434	494
2012	32,053,755	104,583	17,099,227	1,191,992	14,374,343	169,321	345	426	445
2013	32,432,354	106,161	17,491,993	1,213,571	14,582,508	166,576	358	426	443
2014	32,475,527	105,969	17,835,921	1,367,433	14,817,700	173,539	371	432	443
2015	32,623,599	106,214	18,435,525	1,427,554	15,247,087	174,863	384	495	540

LIGHT RAIL

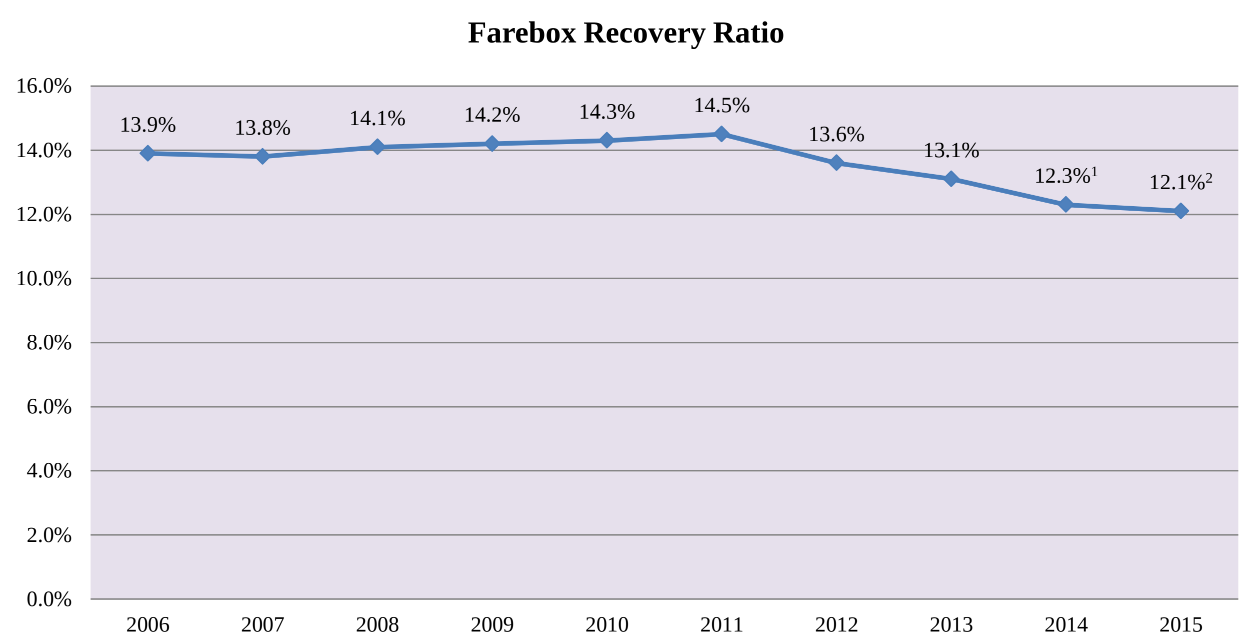
Fiscal Year	Total Ridership	Average Weekday Ridership	Scheduled Miles	Scheduled Hours	Train Revenue Miles	Passenger Miles (000's)	Peak Cars	Light Rail Fleet
2006	8,279,807 [1]	26,137	2,129,189	138,348	1,993,940	41,913	39	100
2007	10,278,460	32,567	2,220,230	143,816	2,105,819	54,528	53	100
2008	10,451,136	33,043	2,223,823	143,576	2,112,080	54,475	53	100
2009	10,754,161	34,305	2,216,957	143,533	2,105,555	58,709	54	99
2010	9,749,882	31,555	2,182,849	141,095	2,062,832	50,000	46	99
2011	10,014,504	31,871	2,190,140	132,452	2,055,872	54,048	49	99
2012	10,373,042	32,716	2,209,233	137,495	2,065,099	55,337	55	99
2013	10,742,292	34,242	2,199,018	137,134	2,055,418	58,116	57	99
2014	10,952,965	35,102	2,205,492	139,021	2,057,106	61,631	57	99
2015	11,320,497	34,935	2,232,077	152,821	2,081,092	60,717	59	99

[1] Light rail ridership increased in FY 2006 with the opening of the Vasona Light Rail Extension.

Source: VTA Operations Division.

TABLE 22
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Farebox Recovery Ratio
Ten Years Ended June 30, 2015

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.



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Farebox Recovery Ratio	13.9%	13.8%	14.1%	14.2%	14.3%	14.5%	13.6%	13.1%	12.3%	12.1%
Farebox Revenue ('000)	34,335	35,243	35,830	36,184	36,857	38,106	37,744	38,331	38,372	39,108
Operating Expenses ('000)	247,323	254,946	254,619	254,286	257,954	263,322	278,532	293,447	311,287	322,925

[1] Updated with audited NTD data.
[2] Based on proforma and unaudited NTD data.

TABLE 23
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Revenue Miles
Ten Years Ended June 30, 2015

The following chart shows total vehicle miles in revenue service.

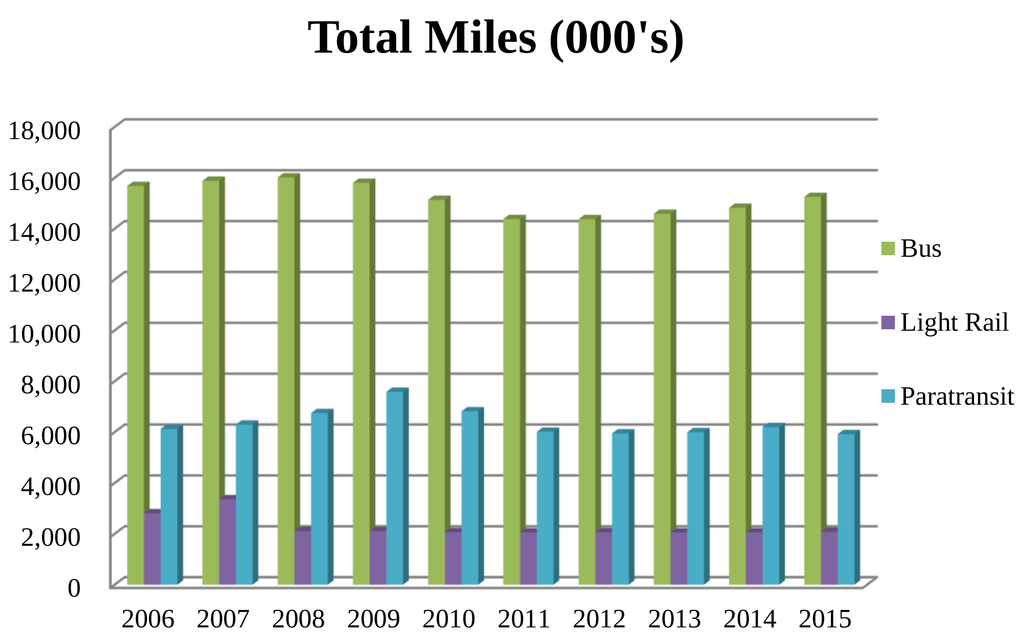


TABLE 24
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Passenger Miles
Ten Years Ended June 30, 2015

Passenger mile statistics are presented in the chart below. In FY 2015 the total passenger miles have decreased slightly by 0.35% from FY 2014.

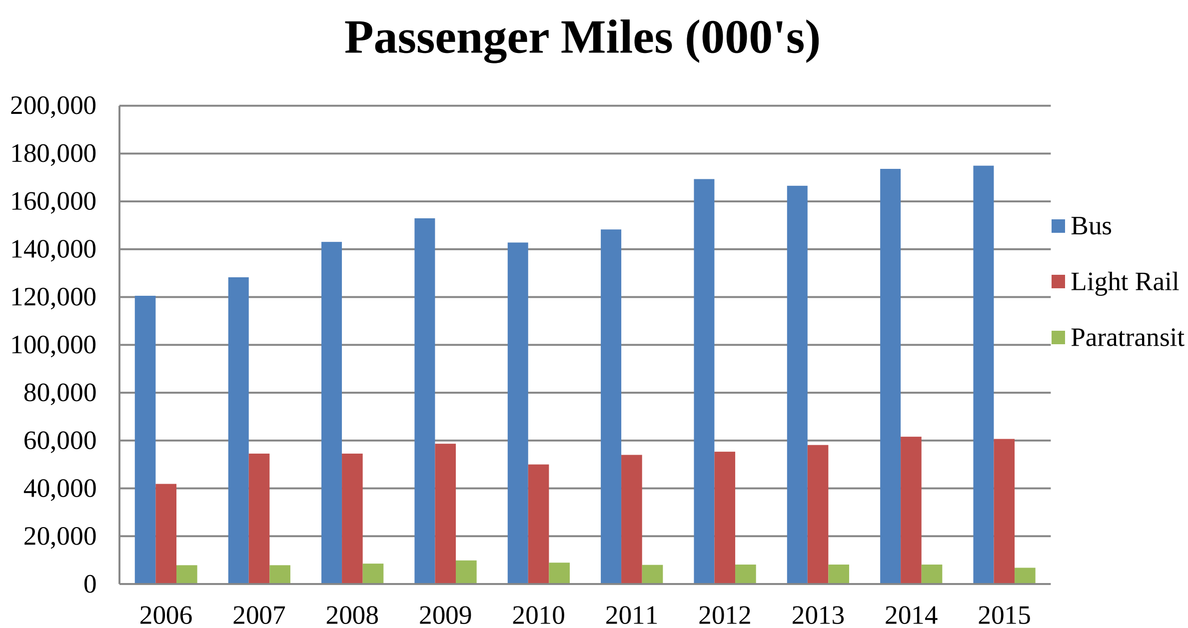


TABLE 25
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Selected Statistical Data
Ten Years Ended June 30, 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
FAREBOX REVENUE ($000's)[1]	$34,335	$35,242	$35,830	$36,184	$36,857	$38,106	$37,744	38,331	$ 38,372	$ 39,108
VEHICLE REVENUE MILES (000's)										
BUS	15,573	15,851	15,951	15,800	15,131	14,377	14,374	14,583	14,818	15,247
LIGHT RAIL	2,810	3,354	2,112	2,106	2,063	2,056	2,065	2,056	2,057	2,081
PARATRANSIT	6,126	6,296	6,746	7,582	6,816	6,011	5,948	5,995	6,196	5,922
PASSENGER MILES (000's)										
BUS	120,581	128,290	143,102	152,856	142,754	148,225	169,321	166,576	173,539	174,863
LIGHT RAIL	41,913	54,528	54,475	58,708	50,000	54,048	55,337	58,116	61,632	60,717
PARATRANSIT	7,896	7,835	8,486	9,908	9,005	8,017	8,133	8,205	8,097	6,827
FLEET SIZE										
BUS	524	539	480	448	424	494	445	443	443	540
LIGHT RAIL	100	100	100	99	99	99	99	99	99	99
CASH FARE SINGLE RIDE										
ADULT	$1.75	$1.75	$1.75	$1.75	$2.00	$2.00	$2.00	$2.00	$2.00	$2.00
YOUTH	$1.50	$1.50	$1.50	$1.50	$1.75	$1.75	$1.75	$1.75	$1.75	$1.75
SENIOR	$0.75	$0.75	$0.75	$0.75	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00

[1] Includes fare revenue from motor bus, light rail and shuttle services.

TABLE 26
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information - System Data
As of June 30, 2015

URBANIZED AREA (UZA):
346 Square Miles

ROUTES

Type of Route	Number of Routes
Local	54
Limited Stop	4
Express	18
Rapid	1
Light Rail	3
Total	80

HOURS OF OPERATION

Monday-Sunday	24 hours

PARK AND RIDE LOTS:

	Number of Lots	Number of Parking Spaces
Bus	7	571
Light Rail	21	6,469
Caltrain	15	4,914
Total	43	11,954

FACILITIES

Type of Facility	Number of Facilities
Bus Stops	3,838
Shelters	820
Benches	1,934
Trash Receptacles	823
Transit Centers	23

TABLE 27
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Full-time Equivalent Employees[1]
Ten Years Ended June 30, 2015

Fiscal Year	Operations	Planning & Program Development[2]	Finance & Budget[3]	Engineering & Transportation Infrastructure Development[4]	Government & Public Relations[5]	Office of the Chief of Staff[5]	Business Services[6]	Office of the General Counsel	Office of the General Manager	SVRT Program[4]	System Safety & Security[7]	Total
2006	1597	104	105	107	NA	NA	101	9	30	NA	NA	2053
2007	1584	101	100	98	NA	NA	102	8	27	NA	NA	2020
2008	1628	48	103	98	70	NA	92	10	4	4	NA	2057
2009	1649	51	97	99	74	NA	102	8	4	4	NA	2088
2010	1588	50	95	97	57	NA	100	8	18	4	NA	2017
2011	1576	50	90	90	53	NA	102	8	11	5	NA	1985
2012	1599	52	93	86	51	NA	103	9	13	6	NA	2012
2013	1614	51	88	90	55	NA	99	11	13	6	NA	2027
2014[8]	1687	42	69	79	37	25	138	12	5	6	NA	2100
2015	1733	43	74	81	4	55	137	13	5	NA	30	2175

[1]A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,080. The table shows the total full-time equivalent by division.

[2]As a result of the reorganization in FY 2014, Congestion Management is now Planning & Program Development.

[3]Fiscal Resources Division is now known as Finance & Budget.

[4] In FY 2015, Engineering & Construction Program merged with SVRT Program to form Engineering &Transportation Infrastructure Development.

[5]External Affairs Division was split into Public Affairs and Office of Chief of Staff as a result of the reorganization in FY 2014. In 2015, Public Affairs became Government & Public Relations.

[6]As a result of the reorganization in FY 2014, Administrative Service Division is now Business Services.

[7]System Safety & Security became a division in FY 2015.

[8]A reorganization took effect in April 2014 which created new divisions.

TABLE 28
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information - Capital Assets
Ten Years Ended June 30, 2015
(In thousands)

	Fiscal Years									
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Capital assets, not being depreciated :										
Land and right of way	$ 1,131,579	$ 1,118,577	$ 1,118,212	$ 1,119,217	$ 1,123,321	$ 1,122,805	$ 1,122,495	$ 1,122,368	$ 1,126,373	$ 1,124,646
Construction in Progress	380,776	488,192	639,708	781,381	814,241	902,026	1,107,386	1,347,410	1,728,066	2,177,750
Total capital assets, not being depreciated	1,512,355	1,606,769	1,757,920	1,900,598	1,937,562	2,024,831	2,229,881	2,469,778	2,854,439	3,302,396
Capital assets, being depreciated:										
Buildings, improvements, furniture and	462,448	460,900	487,116	488,156	495,436	504,531	511,853	508,345	516,184	548,139
Vehicles	457,616	458,001	462,027	442,771	435,652	485,590	481,014	486,460	488,229	566,821
Light-rail tracks and electrification	384,435	399,563	399,824	399,824	402,622	403,831	403,394	413,674	415,905	415,905
Caltrain – Gilroy extension	52,990	53,155	53,155	53,155	53,307	53,307	53,307	43,072	43,072	43,072
Other operating equipment	29,002	29,416	39,770	32,044	42,610	46,065	46,152	45,876	46,062	47,156
Leasehold Improvement	-	2,169	9,686	9,686	9,686	9,686	9,686	9,686	9,686	9,686
Total capital assets, being depreciated	1,386,491	1,403,204	1,451,578	1,425,636	1,439,313	1,503,010	1,505,406	1,507,113	1,519,138	1,630,779
Less accumulated depreciation										
Total accumulated depreciation	(398,635)	(446,408)	(493,895)	(519,886)	(565,012)	(618,061)	(657,113)	(706,428)	(768,364)	(833,095)
Total capital assets, being depreciated, net	987,856	956,796	957,683	905,750	874,301	884,949	848,293	800,685	750,774	797,684
Total capital assets, net	$ 2,500,211	$ 2,563,565	$ 2,715,603	$ 2,806,348	$ 2,811,863	$ 2,909,780	$ 3,078,174	3,270,463	$ 3,605,213	$ 4,100,080

Source: Comprehensive Annual Financial Report

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