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

FOR FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
RETIREES' OTHER POST EMPLOYMENT BENEFITS TRUST
JUNE 30, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (the Trust), a component unit of the Santa Clara Valley Transportation Authority (VTA), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

260 Sheridan Avenue, Suite 440 Palo Alto, CA 94306 Tel: 650.462.0400 www.vtdcpa.com Fax: 650.462.0500

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of June 30, 2016 and June 30, 2015, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Note 1, the financial statements present only the Trust and do not purport to, and do not, present fairly the financial position of VTA as of June 30, 2016 and 2015, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. As described in Note 2, in 2016 the Trust adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
October 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

This section provides an overview and analysis of the financial activities of Santa Clara Valley Transportation Authority Retirees' Other Post Employment Benefits Trust (Trust) for the fiscal year ended June 30, 2016. The Trust was established in May 2008 by the VTA's Board of Directors, and assets held for Other Post Employment Benefits (OPEB) were transferred to the Trust. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

FINANCIAL HIGHLIGHTS

The net position of the Trust at the close of fiscal year 2016 is $275,600,232 (net position held in trust for retiree OPEB). The entire net position is available to meet the Trust's ongoing obligations to Trust participants and beneficiaries. Net position at the close of 2015 was $275,427,330.

The Trust's funding objective is to meet long-term benefit obligations through contributions and investment income. Total additions to the Trust were $9,872,333 and $25,647,716 for fiscal years ending June 30, 2016, and 2015 respectively. As of June 30, 2016, the Trust's actuarial accrued liability was 108.7% funded compared to 87.7% as of June 30, 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Statements of Trust Net Position
2. Statements of Changes in Trust Net Position
3. Notes to the Basic Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The Statements of Changes in Trust Net Position, on the other hand, provides a view of current year additions to and deductions from the Trust.

The Statements of Trust Net Position and the Statements of Changes in Trust Net Position report information about the Trust's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date. In addition, both realized and unrealized gains and losses are shown on investments.

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

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. (See notes to Financial Statements on pages 8-15 of this report).

OTHER INFORMATION

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

FINANCIAL ANALYSIS

As previously noted, net position may serve over time as a useful indication of the Trust's financial position. The assets of the Trust exceeded its liabilities at the end of fiscal years 2016, 2015 and 2014 as follows:

(Table 1)

Statement of Trust Net Position

	June 30, 2016	June 30, 2015	June 30, 2014
Assets			
Pooled cash	$ 2,102,899	$ 979,659	$ 52,277
Investments at fair market value	270,940,852	274,008,081	259,867,824
Other assets	3,080,151	934,520	825,180
Total Assets	276,123,902	275,922,260	260,745,281
Liabilities			
Current liabilities	523,670	494,930	435,541
Net Position	$ 275,600,232	$ 275,427,330	$ 260,309,740

For the year ended June 30, 2016, the Trust net position held for OPEB increased by a meager $172,902 or 0.06%. Investments at fair market value decreased by $3,067,229 due primarily to mark-to-market losses.

(Table 2)

Additions to Trust Net Position

	June 30, 2016	June 30, 2015	June 30, 2014
Contributions	$ 16,902	$ 12,093,054	$ 14,099,997
Net investment income (loss)	9,855,431	13,554,662	38,869,172
Total Additions	$ 9,872,333	$ 25,647,716	$ 52,969,169

Contributions which are based on actuarial requirements, have decreased over the last 2 years. VTA made a one-time additional contribution in the amount of $20,650,000 in fiscal year 2013. In fiscal year 2016, VTA did not report contributions because VTA applied $4,784,571 (Net OPEB Asset) to fully cover the actuarial required contribution for the year. Approximately $16,902 was received from ICMA-RC for Retiree Health Savings plan termination. Investment income declined by $3,699,231 as a consequence of modestly higher volatility in the global equity markets.

(Table 3)

Deductions From Trust Net Position

	June 30, 2016	June 30, 2015	June 30, 2014
Distributions to participants	$ 9,662,681	$ 10,433,489	$ 10,291,472
Administrative expenses	36,750	96,637	27,038
Total Deductions	$ 9,699,431	$ 10,530,126	$ 10,318,510

The distributions to participants which represent premium payments for retiree medical benefits decreased by $770,808 or 7.4% in fiscal year 2016. Reduced actuarial expenses caused the administrative costs to decline.

Requests for Information

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

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

STATEMENTS OF TRUST NET POSITION
AS OF JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Pooled cash and investment	$ 2,102,899	$ 979,659
Corporate obligations	35,603,030	51,789,492
U.S. Government agency	21,719,369	35,243,868
U.S. Treasury obligations	5,468,691	14,829,386
Money market	746,496	3,040,221
Mutual funds	207,403,266	169,105,114
Receivable	3,080,151	934,520
TOTAL ASSETS	276,123,902	275,922,260
LIABILITIES		
Accounts payable	523,670	494,930
NET POSITION		
Held in trust for retiree benefits	$ 275,600,232	$ 275,427,330

See accompanying notes to the basic financial statements

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

STATEMENTS OF CHANGES IN TRUST NET POSITION
FOR FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
ADDITIONS		
VTA contributions	$ 16,902	$ 12,093,054
Net investment income:		
Net appreciation on investments	(24,468,196)	2,855,555
Investment earnings	34,745,865	10,970,038
Investment expense	(422,238)	(270,931)
Total net investment income	9,855,431	13,554,662
TOTAL ADDITIONS	9,872,333	25,647,716
DEDUCTIONS		
Distributions to participants	9,662,681	10,433,489
Administrative expenses	36,750	96,637
TOTAL DEDUCTIONS	9,699,431	10,530,126
INCREASE IN TRUST NET POSITION	172,902	15,117,590
NET POSITION		
Beginning of year	275,427,330	260,309,740
End of year	$ 275,600,232	$ 275,427,330

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE TRUST

The following description of the Retirees' Other Post Employment Benefits Trust (Trust) provides only general information. Readers should refer to the Trust agreement for a more complete description of the Trust's provisions. The Trust, which was established in May 2008 by the VTA's Board of Directors, is reflected as an Other Employment Benefit Trust on VTA's financial statements. The Trust is a legally separate entity governed by VTA's Board of Directors. The financial statements of the Trust are intended to present only the Trust's net position and changes in trust net position. They do not purport to, and do not, present fairly the financial position of VTA as of June 30, 2016 and 2015, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A. General

The Trust is a contributory single-employer defined benefit Trust administered by VTA. The membership of the Trust as of June 30, 2016, 2015 and 2014 consists of the following:

	2016	2015	2014
ATU Retireees	1,024	984	966
Non-ATU Retirees	487	462	432
TOTAL	1,511	1,446	1,398

B. Trust Benefits

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 at 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 from retiree health plans offered under the CalPERS Program. For ATU retirees living in California, VTA will contribute up to $100 per month above the Kaiser Bay Area Single Party rate for CalPERS medical plans, regardless of medicare status. ATU retirees will pay the excess above the VTA contribution of up to $100 per month above the Kaiser Bay Area Single Party rate. For ATU retirees living outside of California, VTA will contribute up to $100 per month above the Kaiser Out of State Single Party rate for CalPERS medical plans regardless of medicare status. ATU retirees will pay the excess above the VTA contribution of up to $100 per month above the Kaiser Out of State Single Party rate. ATU retirees who are eligible for medicare are reimbursed for the Medicare Part B premium.

Non-ATU employees who retire directly from VTA on or after attaining the age of 50 years (Classic members) or 52 years (New members) with at least 5 years of CalPERS service are also covered under a Retiree Health Care Program (the administrative retiree program). Non ATU retirees can select from the health plans offered under the CalPERS program. For Non-ATU retirees living in California, VTA will contribute up to the Kaiser Bay Area Employee Only rate. Non ATU retirees pay any premium in excess of the CalPERS Kaiser Bay Area Employee Only rate. For Non ATU retirees living outside of California, VTA will contribute up to the Kaiser Out of State Single Party rate. Non ATU retirees pay any premium in excess of the CalPERS Kaiser Out of State Single Party rate. Non-ATU retirees who are eligible for medicare are reimbursed for the Medicare Part B premium.

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.

C. VTA Contributions

VTA contributes to the Trust at the actuarially determined amount or rates applied to eligible payroll sufficient to maintain funding of vested benefits. VTA's contributions are established and may be amended by VTA's Board of Directors. VTA's contributions to the Trust for the fiscal year ended June 30, 2015 was made at the actuarially determined amount of $12,093,054. For fiscal year 2016, the actuarial required contributions were $4,784,571. However, VTA used excess contributions made in 2013 to meet its contribution requirements.

D. Trust Termination

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

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

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying basic financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as promulgated by the Government Accounting Standards Board (GASB). Contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual commitments. Benefits and refunds of contributions are recognized when due and payable under the provisions of the Trust.

B. Investments

Investments are reported at fair market value. Securities traded on a national or international exchange are valued at the last reported sales price on the last business day of the fiscal year at current exchange rates. The fair market value of the investments in mutual funds of $207,403,266 and $169,105,114 at June 30, 2016 and 2015, respectively, was valued by the respective mutual fund management firms. Purchases and sales of securities are reflected on the trade date and investment income is recognized as earned.

C. Net Appreciation (Depreciation) on Investments

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

D. Administrative Expenses

Certain internal costs of administering the Trust are paid by the Trust. Administrative expenses for the year ended June 30, 2016 and 2015 were $36,750 and $96,637, respectively.

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

F. New Accounting Principles

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* The primary objective of this statement is to define fair value and describe how fair value should be measured, define what assets and liabilities should be measured at fair value, and determine what information about fair value should be disclosed in the notes to the financial statements. The Statement is effective for periods beginning after June 15, 2015, or the fiscal year 2015-16. The Trust has implemented the provisions of this statement as of June 30, 2016.

NOTE 3 – INVESTMENTS

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

The Trust maintains all of its operating cash funds in VTA's cash and investment pool. The pool functions as a demand deposit account for the Trust, as amounts can be withdrawn at any time upon demand. VTA's management and its Board of Directors are responsible for oversight of the cash and investment pool. Information regarding the characteristics of the entire investment pool can be found in the VTA's financial statements. That report may be obtained by writing to Santa Clara Valley Transportation Authority – Fiscal Resources Division, 3331 North First Street, San Jose, California, 95134. The fair market value of the Trust's position in the cash pool is the same as the value of the cash pool shares. As of June 30, 2016 and 2015 the Trust has $2,102,899 and $979,659, respectively, in VTA's cash and investment pool.

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trust's investment policy provides for the use of a custodian/trustee to invest the Trust's assets as directed by investment managers. The Trust's investment securities were held by Union Bank Trust Department, a custodial bank, at June 30, 2016 and 2015 separate from the counterparty, in the name of Santa Clara Valley Transportation Authority (VTA). VTA's securities are not part of Union Bank's assets and not attachable by any of its creditors.

Interest Rate Risk

Interest rate risk is the risk that changes in market rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. One of the Trust's primary goals is to provide sufficient liquidity to meet future retirees' other post employment benefit obligations, however, the Trust does not have any policies specifically addressing interest rate risk. The Trust had $207,403,266 and $169,105,114 invested in mutual funds as of June 30, 2016 and June 30, 2015, respectively.

The following table shows the time distribution for the maturity of the Trust's assets, other than equity-based securities and mutual funds which have no specific maturity dates, as of June 30, 2016:

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	Greater than 6 Years
Corporate Obligations	$ 35,603,030	$ 435,769	$ 6,857,007	$ 28,310,254
U.S. Government Agency Obligations	21,719,369	1,086	78,901	21,639,382
U.S. Treasury Obligations	5,468,691	2,369,800	3,098,891	-
Money Market*	746,496	746,496	-	-
Total	$ 63,537,586	$ 3,553,151	$ 10,034,799	$ 49,949,636

The following table shows the time distribution for the maturity of the Trust's assets, other than equity-based securities and mutual funds which have no specific maturity dates, as of June 30, 2015:

Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	Greater than 6 Years
Corporate Obligations	$ 51,789,491	$ 1,680,637	$ 17,075,187	$ 33,033,667
U.S. Government Agency Obligations	35,243,868	-	199,583	35,044,285
U.S. Treasury Obligations	14,829,386	8,008,632	6,820,754	-
Money Market*	3,040,221	3,040,221	-	-
Total	$ 104,902,966	$ 12,729,490	$ 24,095,524	$ 68,077,952

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

The fair value of interest sensitive instruments may also be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, and other general market conditions. Certain fixed maturity investments have call provisions that could result in shorter maturity periods. The majority of U.S. Government agency obligations in the amount of $21,719,369 and $35,243,868 at June 30, 2016 and 2015, respectively, are backed by mortgage pass-through securities which are sensitive to interest rate changes. Therefore, if interest rate declines, the mortgages are subject to prepayment by borrowers.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This risk is measured by the assignment of a rating by the nationally recognized statistical rating organizations. The Trust's investment policy has mitigated credit risk by prioritizing safety of principal above other investment objectives, by requiring third-party investment manager applicants to meet certain requirements, by diversifying the portfolio, and by establishing monitoring procedures.

The following is a summary of the credit quality distribution for investments with credit exposure as a percentage of total investments at June 30, 2016 and 2015, respectively, as rated by Standard and Poor's:

		Percent of Portfolio	
Type of Investment	Rating	2016	2015
Corporate Obligations	AAA	0.40%	1.83%
	AA+	0.80%	0.35%
	AA	0.20%	0.24%
	AA-	0.20%	0.42%
	A+	0.20%	1.42%
	A	0.20%	1.36%
	A-	0.30%	2.32%
	BBB+	3.00%	5.03%
	BBB	3.80%	3.60%
	BBB-	1.90%	1.94%
	BB+	0.80%	0.39%
	BB	0.30%	0.00%
	BB-	0.30%	0.00%
	B+	1.40%	0.00%
U.S. Agency Securities	AA+	7.90%	12.86%
U.S. Treasury	Not Applicable	2.00%	5.41%
Money Market	Not Rated	0.30%	1.11%
Mutual Funds	Not Rated	76.00%	61.72%
TOTAL		100.00%	100.00%

Concentration of Credit Risk

Concentration of credit risk is the risk that the failure of anyone issuer would place an undue financial burden on the Trust. The Trust's investment policy mitigates the concentration of credit risk by identifying percentage ranges for different types of investments and specific targets within the percentage ranges. Disclosure of concentration of credit risk is defined as any investment with one issuer that is greater than 5% of the total Trust investments. As of June 30, 2016, there was no investment with one issuer that is greater than 5% of total Trust investment. As of June 30, 2015, the Trust had $19,634,136 or 7.1% of total Trust investments, invested in securities issued by Fannie Mae. Investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds, external investment pools and other pooled investments are exempt from this requirement, as they are normally diversified themselves.

The fair value measurement of the OPEB Trust was categorized based on hierarchy established by generally accepted accounting principles. The fair value hierarchy gives the highest priority to unadjusted quoted prices that are directly observable in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority when pricing inputs are unobservable (Level 3 measurements). The following is the fair value hierarchy table:

	Fair Value Hierarchy			
Investment Type	Level 1	Level 2	Level 3	Market Value
Corporate obligations	$ -	$ 35,356,588	$ 246,442	$ 35,603,030
U.S. Government Agency obligations	-	21,719,369	-	21,719,369
U.S. Treasury obligations	5,468,691	-	-	5,468,691
Mutual funds	-	185,480,033	21,923,233	207,403,266
Levelled Investments Total	$ 5,468,691	$ 242,555,990	$ 22,169,675	270,194,356
Money market				746,496
Pooled cash and investment				2,102,899
TOTAL				$ 273,043,751

NOTE 4 – ANNUAL OPEB COST AND NET OPEB OBLIGATIONS

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

The annual required contributions, the percentage contributed, and the net OPEB asset for fiscal year ending June 30, 2016 and the preceding five fiscal years are as follows:

Year Ended June 30,	Annual Required Contribution	Amount Contributed	Percentage of Annual Trust Cost Contributed	Net OPEB Asset
2016	$ 4,784,571	$ 4,784,571	100%	$ 15,865,429
2015	12,093,054	12,093,054	100%	20,650,000
2014	14,099,997	14,099,997	100%	20,650,000
2013	17,315,476	37,965,476	219%	20,650,000
2012	17,320,891	17,320,891	100%	-
2011	16,208,373	16,208,373	100%	-

VTA's funded status as of June 30, 2016 and June 30, 2015 are as follows: (in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
6/30/2015	$ 275,427	$ 253,331	$ (22,096)	108.7%	$ 167,124	-13.2%
6/30/2014	260,310	296,970	36,660	87.7%	162,902	22.5%

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

The following is a summary of significant assumptions for FY 2016 and FY 2015:

Description	FY 2016	FY 2015
Valuation Date	June 30, 2015	June 30, 2014
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Amortization Method	Level dollar closed	Level dollar closed
Single Equivalent Amortization Period	13 years	14 years
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Payroll Growth Rate	3.25%	3.25%
Discount Rate	7.00%	7.00%
Ultimate Rate of Medical Inflation	4.50%	4.50%

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
AS OF JUNE 30, 2016

Schedule of Funding Progress[1] for June 30, 2015, 2014, and 2013 is as follows (in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
6/30/2015	$ 275,427	$ 253,331	$ (22,096)	108.7%	$ 167,124	-13.2%
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%

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

The annual required contributions, the percentage contributed for fiscal year ending June 30, 2016 and the preceding five fiscal years are as follows:

Year Ended June 30,	Annual Required Contribution	Amount Contributed	Percentage of Annual Trust Cost Contributed
2016	$ 4,784,571	$ 4,784,571	100%
2015	12,093,054	12,093,054	100%
2014	14,099,997	14,099,997	100%
2013	17,315,476	37,965,476	219%
2012	17,320,891	17,320,891	100%
2011	16,208,373	16,208,373	100%

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