



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2022

Santa Clara Valley Transportation Authority

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, the Transportation Development Act, and California Government Code Section 8879.50..... 1

Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 6

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs 9

 Section I – Summary of Auditor’s Results 9

 Section II – Financial Statement Findings 10

 Section III – Federal Award Findings and Questioned Costs..... 11

 Section IV – Schedule of Prior Audit Findings 12



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate fund information of Santa Clara Valley Transportation Authority (VTA) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise VTA's basic financial statements, and have issued our report thereon dated October 28, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, professional style.

Menlo Park, California
October 28, 2022



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Santa Clara Valley Transportation Authority’s (VTA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the VTA’s major federal program for the year ended June 30, 2022. The VTA’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the VTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the VTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the VTA’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the VTA’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the VTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the VTA's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the VTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the VTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the VTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

We have audited the financial statements of the enterprise and fiduciary funds of the VTA as of and for the year ended the VTA, and the related notes to the financial statements, which collectively comprise the VTA's basic financial statements. We issued our report thereon dated October 28, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Menlo Park, California
January 31, 2023

Santa Clara Valley Transportation Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Program Award	Federal Receivable at June 30, 2021	Expenditures - Federal Share			Receipts			Federal Receivable at June 30, 2022
					Cumulative Prior to July 1, 2021	July 1, 2021 through June 30, 2022	Cumulative through June 30, 2022	Cumulative Prior to July 1, 2021	July 1, 2021 through June 30, 2022	Cumulative through June 30, 2022	
U.S. Department Of Transportation											
Federal Transit Cluster:											
Federal Transit Capital Investment Grants:											
Direct Grant	20.500	CA-03-0512	\$ 12,945,714	\$ 20,171	\$ 12,856,665	\$ 17,871	\$ 12,874,536	\$ 12,836,494	\$ 17,087	\$ 12,853,581	\$ 20,955
Direct Grant	20.500	CA-03-0818	889,180,992	6,959,751	822,657,222	3,038,141	825,695,363	815,697,471	5,948,267	821,645,738	4,049,625
Direct Grant	20.500	CA-04-0242	600,000	-	591,880	7,820	599,700	591,880	6,837	598,717	983
Direct Grant	20.500	CA-05-0210	51,670,641	1,973	51,670,446	196	51,670,642	51,668,473	2,168	51,670,641	1
Direct Grant	20.500	CA-05-0274	16,373,987	12,705	14,894,598	382,946	15,277,544	14,881,893	314,781	15,196,674	80,870
Direct Grant	20.500	CA-2021-104	1,580,000	-	-	17,273	17,273	-	15,436	15,436	1,837
Total Federal Transit Capital Investment Grants			972,351,334	6,994,600	902,670,811	3,464,247	906,135,058	895,676,211	6,304,576	901,980,787	4,154,271
Federal Transit Formula Grants:											
Direct Grant	20.507	CA-95-0216	2,300,065	124	1,466,589	10,134	1,476,723	1,466,465	9,824	1,476,289	434
Direct Grant	20.507	CA-95-0260	3,509,000	-	3,407,836	101,164	3,509,000	3,407,836	101,164	3,509,000	-
Direct Grant	20.507	CA-2016-075	42,983,161	14,969	23,561,031	10,503	23,571,534	23,546,062	25,472	23,571,534	-
Direct Grant	20.507	CA-2018-150	3,440,000	60,990	3,253,909	186,073	3,439,982	3,192,919	247,062	3,439,981	1
Direct Grant	20.507	CA-2018-152	2,768,555	25,351	2,763,684	4,364	2,768,048	2,738,333	29,714	2,768,047	1
Direct Grant	20.507	CA-2019-047	845,000	13,489	565,701	53,137	618,838	552,212	66,628	618,840	(2)
Direct Grant	20.507	CA-2019-152	27,781,110	37,811	7,278,538	499,900	7,778,438	7,240,727	386,315	7,627,042	151,396
Direct Grant	20.507	CA-2019-155	3,560,000	45,933	3,413,532	146,468	3,560,000	3,367,599	192,401	3,560,000	-
Direct Grant	20.507	CA-2021-030	88,590	-	-	88,590	88,590	-	88,590	88,590	-
Direct Grant	20.507	CA-2022-053	287,953	-	-	287,953	287,953	-	-	-	287,953
Direct Grant	20.507	CA-2020-106	275,000	61,670	184,765	90,235	275,000	123,095	151,905	275,000	-
Direct Grant	20.507	CA-2020-129	1,308,909	-	10,100	28,655	38,755	10,100	28,656	38,756	(1)
Direct Grant	20.507	CA-2021-043 P#	25,460,905	33,574	33,574	733,196	766,770	-	755,305	755,305	11,465
Direct Grant *	20.507	CA-2021-126	39,355,158	-	-	39,355,158	39,355,158	-	39,355,158	39,355,158	-
Direct Grant	20.507	CA-2021-207 ADA	4,312,995	3,970,716	3,970,716	342,279	4,312,995	-	4,312,995	4,312,995	-
Direct Grant	20.507	CA-2021-207 P#	38,863,978	-	6,955	6,955	6,955	-	4,969	4,969	1,986
Direct Grant *	20.507	CA-2021-217	128,414,749	-	-	128,414,749	128,414,749	-	128,414,749	128,414,749	-
Passthrough MTC	20.507	MTC/STP Agreement	10,900,000	1,068,809	8,735,094	1,602,958	10,338,052	7,666,285	2,141,634	9,807,919	530,133
Direct Grant	20.507	CA-2022 ADA	4,312,995	-	-	4,032,995	4,032,995	-	-	-	4,032,995
Direct Grant	20.507	CA-2022-030	2,059,112	-	-	10,787	10,787	-	1,027	1,027	9,760
Total Federal Transit Formula Grants			342,827,235	5,333,436	58,645,069	176,006,253	234,651,322	53,311,633	176,313,568	229,625,201	5,026,121

Santa Clara Valley Transportation Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Program Award	Federal Receivable at June 30, 2021	Expenditures - Federal Share			Receipts			Federal Receivable at June 30, 2022
					Cumulative Prior to July 1, 2021	July 1, 2021 through June 30, 2022	Cumulative through June 30, 2022	Cumulative Prior to July 1, 2021	July 1, 2021 through June 30, 2022	Cumulative through June 30, 2022	
State of Good Repair Grants Program											
Direct Grant	20.525	CA-54-0036	19,064,021	165,216	16,602,175	262,458	16,864,633	16,436,959	390,673	16,827,632	37,001
Direct Grant	20.525	CA-2016-084	8,977,500	79,708	8,919,615	57,805	8,977,420	8,839,907	109,929	8,949,836	27,584
Direct Grant	20.525	CA-2018-007	19,682,605	1,152,066	10,005,094	1,197,537	11,202,631	8,853,028	2,077,011	10,930,039	272,592
Direct Grant	20.525	CA-2018-081	31,151,331	3,182,125	14,384,380	4,633,584	19,017,964	11,202,255	7,017,095	18,219,350	798,614
Direct Grant	20.525	CA-2020-007	24,539,601	25,838	277,243	240,707	517,950	251,405	247,028	498,433	19,517
Direct Grant	20.525	CA-2021-037	22,837,952	135,611	135,611	323,213	458,824	-	467,009	467,009	(8,185)
Direct Grant	20.525	CA-2021-211	24,564,389	-	-	4,132	4,132	-	-	-	4,132
Total State of Good Repair Grants Program			150,817,399	4,740,564	50,324,118	6,719,436	57,043,554	45,583,554	10,308,745	55,892,299	1,151,255
Total Federal Transit Cluster			1,465,995,968	17,068,600	1,011,639,998	186,189,936	1,197,829,934	994,571,398	192,926,889	1,187,498,287	10,331,647
Highway Planning and Construction/Cluster:											
Passthrough California State Department of Transportation	20.205	HPLUL-6264(057)	2,862,000	(83,109)	-	-	-	83,109	(83,109)	-	-
Passthrough California State Department of Transportation	20.205	HPLUL-6264(065)	1,920,655	21,281	1,731,460	25,203	1,756,663	1,710,179	37,409	1,747,588	9,075
Passthrough California State Department of Transportation	20.205	STPL-6264(075)	998,280	3,105	965,431	(2,527)	962,904	962,326	-	962,326	578
Passthrough California State Department of Transportation	20.205	STPL-6264(074)	990,315	5,225	930,838	(5,264)	925,574	925,613	-	925,613	(39)
Passthrough California State Department of Transportation	20.205	FERPL - 6264(087)	3,278,275	312,885	1,106,884	1,024,857	2,131,741	793,999	924,990	1,718,989	412,752
Total Highway Planning and Construction/Cluster			10,049,525	259,387	4,734,613	1,042,269	5,776,882	4,475,226	879,290	5,354,515	422,367
Total U.S. Department of Transportation			1,476,045,493	17,327,987	1,016,374,611	187,232,205	1,203,606,816	999,046,624	193,806,179	1,192,852,802	10,754,014
U.S. Department of Labor											
American Apprenticeship Initiative Passthrough MTC	17.268	American	873,687	56,713	612,393	261,294	873,687	555,680	-	555,680	318,007
Total			\$ 1,476,919,180	\$ 17,384,700	\$ 1,016,987,004	\$ 187,493,499	\$ 1,204,480,503	\$ 999,602,304	\$ 193,806,179	\$ 1,193,408,482	\$ 11,072,021

* COVID-19

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Santa Clara Valley Transportation Authority (VTA) under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the VTA, it is not intended to and does not present the financial position, net position, or cash flows of VTA.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Note 4 - Relationship to Financial Statements

VTA's federal awards are reported as follows in the financial statements for the year ended June 30, 2022:

Federal grant revenues, as reported in financial statements	
Enterprise funds	\$ 181,362,105
Special revenue and capital projects funds	<u>6,131,394</u>
Total federal grants revenue	<u><u>\$ 187,493,499</u></u>

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

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

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

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Schedule of Prior Audit Findings

None reported.