Santa Clara Valley Transportation Authority

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Santa Clara County, California

Valley Transportation Authority

Solutions that move you

Federal funding of $15 million by FTA boosts VTA's zero emissions bus technology and enhances workforce development.

State of California awarded $375 million to the SCVTA for its BART extension into Downtown San Jose and Santa Clara.

With the Better Bus Stop Program, VTA installed over 150 benches and new solar lights. Construction is ongoing for new shelters, bike racks, benches and sidewalk improvement.

2016 Measure B funded the US101/De La Cruz Boulevard/Trimble Road interchange. New overcrossing was constructed to replace an existing 60 year old bridge.

Improvement project funded by 2016 Measure B and MTC, through Service Authority for Freeways and Expressways, relates to 101/87 and Story Road ramp to widen existing freeway.

Guaranteed Ride Home program was launched to provide riders with a safety net when an emergency arises.

SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY

SAN JOSE, CALIFORNIA

Annual Comprehensive Financial Report (ACFR)
For Fiscal Year Ended June 30, 2023

Prepared by:
Accounting

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Annual Comprehensive Financial Report

For the Year Ended June 30, 2023

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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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

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INTRODUCTORY SECTION

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LETTER OF TRANSMITTAL

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October 31, 2023

Board of Directors
Santa Clara Valley Transportation Authority

Subject: Annual Comprehensive Financial Report

In accordance with state law and Santa Clara Valley Transportation Authority (VTA) Administrative Code, it is a pleasure to submit to you the Annual Comprehensive Financial Report (ACFR) of the VTA for the year ended June 30, 2023. The ACFR was prepared in accordance with the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). VTA Management assumes responsibility for the accuracy and completeness of the data and the clarity of the presentation, including all disclosures. To the best of our knowledge, the enclosed report is presented in conformity with Generally Accepted Accounting Principles (GAAP), and is complete and reliable in all material respects.

Eide Bailly LLP, a firm of licensed Certified Public Accountants, has audited the financial statements. The goal of the audit is to obtain a reasonable assurance that the financial statements are free of material misstatements. Eide Bailly LLP concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the financial statements for the fiscal year ended June 30, 2023, and that the financial statements are fairly stated, in all material respects, in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

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

VTA is governed by a 12-member Board of Directors (the Board or the Board of Directors) consisting of elected officials appointed by the jurisdictions they represent. Five members of the Board and one alternate are appointed by the San Jose City Council. One member of the Board and one alternate are appointed from among the city councils of the cities of Los Altos, Mountain View, Palo Alto, and the Town of Los Altos Hills. One Board member and one alternate are appointed from among the city councils of the cities of Campbell, Cupertino, Monte Sereno, Saratoga, and the Town of Los Gatos. One Board member and one alternate are also appointed from among the city councils of the cities of Gilroy and Morgan Hill. Two members of the Board and one alternate are appointed from among the city councils of the cities of Milpitas, Santa Clara, and Sunnyvale. The final two seats on the Board and one alternate are appointed by the Santa Clara County Board of Supervisors. The allocation of Board representation is generally based on population. A chart depicting the current membership of the Board and the jurisdictions they represent is located on page 1-9 of this report.

ECONOMIC ENVIRONMENT

A government entity is ordinarily impacted by the economic environment in which it operates. It is highly encouraged that readers of the information presented in the financial statements, analyze and interpret them with appropriate consideration of these economic conditions.

Santa Clara County is located on the southern coast of San Francisco Bay. As part of one of the state's busiest urban regions, it encompasses an area of approximately 1,300 square miles. The County's population of over 1.9 million is the sixth largest in the state.[1] With a median annual income of $140,300 and median home value of $1.46 million, the county ranks as the third wealthiest and one of the most expensive places to live in the nation.[2] Home to Silicon Valley, the county is an economic center for high technology companies such as Apple, Cisco, Applied Materials, Hewlett-Packard, Intel, Oracle, etc. Aside from the information technology sector, professional and business services, education and healthcare, leisure and hospitality, as well as construction and manufacturing are notable industries contributing to the county's economy.

Silicon Valley's economy and job markets remain sturdy despite multiple waves of Bay Area layoffs from tech and biotech companies.[3] During the previous two-year tumultuous period of coronavirus pandemic when people worked, shopped and learned from home or other remote locations, Silicon Valley tech companies remained creating jobs. In the early part of the year, however, while the scientific and technical services scaled back because demands for the industry's products and services were no longer at a pandemic level and the economy subsequently transitioned to a recovery period, other industry sectors, like restaurant and hospitality, government, as well as construction regained job losses.[4] Without these offsetting effects in the various sectors' performance, the joblessness of the county would have led to more disappointing results. The Employment Development Department reported in June 2023 that the Santa Clara County's unemployment rate increased to 3.6% from 2.2% the prior year, This may be attributed to tech industry layoffs, banking issues, as well as higher interest rates which slowed down interest-sensitive consumption and investments. Although the county has reported job losses, it has managed to endure some of the business disruptions brought about by the work-from-home trends that resulted from the aftermath of the coronavirus-related business shutdowns.

According to the U.S. Department of Labor report for June 2023, the national unemployment rate was relatively unchanged at 3.6% and the number of unemployed persons was 6.0 million which was a slight increase from the prior year. Bureau of Labor Statistics reported nationwide employment continued to trend up in government, health care, social assistance and construction. Despite global challenges and ensuing uncertainties from the ongoing Russian invasion of Ukraine, there are imminent positive signs as inflation is decreasing.[5] A decline in inflation causes an easing up in consumer prices, thereby making consumer income stronger. In June, inflation fell to its lowest annual rate in more than two years.[6]

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[1] World Population Review. "Population of Counties in California (2023)".

[2] Tolentino, Aaron, "Four of the Wealthiest Counties in the Bay Area", KRON4, May 25, 2023.

[3] Avalos, George. "Silicon Valley Stays Sturdy Despite 'gloom and doom' of Tech Layoffs." The Mercury News, February 15, 2023.

[4] San Jose Spotlight. "Unemployment Rate in Silicon Valley Lower than State". July 6, 2023.

[5] Avalos, George. "Inflation Showing Signs of Cooling Off" San Jose Mercury News, July 13, 2023.

[6] Cox, Jeff. "Inflation rose just 0.2% in June, less than expected as consumers get a break from price increases." CNBC. July 12, 2023.

The State Budget projected a decline in revenues as a result of lesser withholding and capital gains taxes. Funding delays, reductions and pullbacks of certain items included in the previous years' budget, fund shifts, trigger reductions, limited revenue generation and borrowing, have been identified by the State to close the budgetary deficits.[7] Operating under fiscal constraints, the State is confident that it will be able to overcome challenges (brought about by multiple federal interest rate increases and further stock market declines, among others) and still reasonably respond to the needs of its basic programs and services, continue to build reserves and limit future spending obligations.

Unemployment at the state level was at 4.6% in June 2023, an increase from 3.9% the prior year. The year-over-year change was caused by job losses experienced solely by the information industry. Even with this, UCLA Anderson economists remained optimistic that a number of factors are presently working in California's favor which include more construction, a healthy "rainy day fund" at the state government level and the increased demand of defense goods as well as labor-saving equipment and software.[8] The region's economy remained resilient over the past year as, despite tighter financial conditions, consumers have continued to spend and businesses have kept on investing.[9] This trend is reflected locally in sales tax receipts, which are the basis for VTA's largest funding sources for operations and capital activities. VTA sales tax revenues increased by an average of 6% from the prior year.

The 1976 Half-Cent, 2000 Measure A, 2016 Measure B, and BART Operating sales taxes amounted to $275.3 million, $275.3 million, $273.0 million, and $67.2 million, respectively, during FY 2023. Consistent with the increase in sales taxes, the State Transit Assistance (STA) increased by $5.7 million in FY 2023. The Transportation Development Act (TDA) which funds a wide variety of transportation projects, also increased by $27.8 million. The change in TDA continues to reflect conservative revenue recognition due to uncertainties resulting from potential case of sales tax attrition for online sales in the state.

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[7] Governor's Budget Summary, 2023-24.

[8] Moss, J. Jennings. "Recession or no Recession." Silicon Valley Business Journal. June 8, 2023.

[9] Ibid.

ENTERPRISE NET POSITION OVERVIEW

Total FY 2023 Net Position is provided below (in thousands):

Net Investment in Capital Assets		$ 5,179,068
Restricted:		
Debt service	$ 13,265	
Net OPEB Asset (GASB 75) [a]	92,767	
1996 Measure B transit program	1,708	107,740
Unrestricted:		
Local share of capital projects	$ 223,820	
Debt reduction	375,044	
Operating reserve	90,571	
Sales tax stabilization	35,000	
Inventory and prepaid items	32,467	
Express Lane	5,486	
BART Operating	436,309	
Joint Development	16,508	
Net Lease Asset (GASB 87)	1,139	
Net Pension Liability (GASB 68)[b]	(314,524)	901,820
Total Net Position		$ 6,188,628

[a]Based on the actuarial report which provides that total Net OPEB Asset (less deferrals) was $92.8 million.

[b]This is a set aside amount for Net Pension Liability to comply with GASB 68 requirements. This consisted of $108.5 million and $206.0 million for CalPERS and ATU, respectively.

SIGNIFICANT FINANCIAL POLICIES

Long-Range Planning

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

Biennial Budget and Budgetary Controls

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

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

Internal Control

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

Reserves

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

Reserves	Balance as of June 30, 2023 (in millions)	Remarks
Operating Reserve	$90.6	The Operating Reserve goal is 15% of the subsequent year's final operating budget in the VTA Transit Enterprise Fund. These funds are to remain unappropriated for any operating or capital use except to meet emergency needs that cannot be funded from any other source. The purpose of this reserve is to ensure that sufficient funds are always available in the event of either unanticipated shortfalls or unavoidable expenditure needs. Detailed information on the Operating Reserve is shown in Table 7 of the Statistical Section.
Sales Tax Stabilization	$35.0	This reserve mitigates the impact of sales tax receipt volatility on service levels and the operating budget. VTA Transit Sales Tax Stabilization reserve is at its current ceiling.
Debt Reduction	$375.0	This reserve may be used to reduce long-term liabilities or to provide funding for approved transit-related capital improvements and replacement of capital assets. This reserve is used to fund the local portion of the VTA Transit capital program in order to keep assets in a state of good repair.

Financial Stability Policy

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

1. Preservation of the level of fixed route transit service and paratransit service provided to VTA riders to the extent possible. This includes developing a service plan that is in accordance with VTA's Transit Sustainability Policy and service design guidelines and in the best interest of the public.
2. Direct support for the provision of transit service, i.e., only those core operating, management and administrative functions that are necessary and essential to providing the existing level of transit service, both in terms of the types of functions required and level of resources needed to support service. This is measured against industry standards and best practices with consideration of efficiencies achieved by reducing layers of management.
3. Support for Regional Partnerships (e.g., ACE, Highway 17, etc.) provided by VTA in consideration of other partners' contributions.
4. Activities that clearly contribute to increasing and diversifying VTA's operating funding (e.g., fare programs, joint development, advertising, and other opportunities for earned income).
5. Activities that provide information to riders, employees, stakeholders, and the public (e.g., VTA Ambassador Program).
6. Activities that would prudently and strategically expand VTA transit service, when sustainable revenues are available to support the service growth.

MAJOR INITIATIVE

VTA's BART Silicon Valley Project

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

In December 2022, the Federal Transit Administration (FTA) notified VTA that the BSV Phase II Project was approved to re-enter the federal Capital Investment Grants New Starts Funding program. The FTA's action also approved past eligible expenses for potential grant reimbursement back to March 2016, as well as all remaining work on the project, for up to 50% of the estimated total project cost of up to $9.3 billion. The project will be funded by 2000 Measure A and 2016 Measure B sales taxes, along with federal, state, and regional funds. Design and right-of-way efforts are underway, while construction activity is expected to start in mid 2024. Revenue service for the project is anticipated to occur in 2033.

AWARDS AND ACKNOWLEDGMENTS

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 2022 Annual Comprehensive Financial Report (ACFR). This is the 27th consecutive year that VTA achieved this prestigious award.

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

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

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

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

Carolyn M. Gonot	Greg Richardson
General Manager/CEO	Asst. GM/Chief Financial Officer

2023 VTA BOARD OF DIRECTORS

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

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

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

BOARD OF DIRECTORS
June 2023
Pat Burn, Chairperson
Cindy Chavez, Vice Chairperson

GROUP 1 (San Jose)

City of San José	Devora "Dev" Davis Pam Foley Sergio Jimenez Matt Mahan* Omar Torres Rosemary Kamei, Alternate

GROUP 2 (North West)

City of Los Altos	Lynette Lee Eng, Alternate
Town of Los Altos Hills	
City of Mountain View	
City of Palo Alto	Pat Burt

GROUP 3 (West Valley)

City of Campbell	
City of Cupertino	Sergio Lopez
Town of Los Gatos	Rob Rennie, Alternate
City of Monte Sereno	
City of Saratoga	

GROUP 4 (South County)

City of Gilroy	Marie Blankley
City of Morgan Hill	Mark Turner, Alternate

GROUP 5 (North East)

City of Santa Clara	Sudhanshu "Suds" Jain
City of Sunnyvale	Omar Din
City of Milpitas	Carmen Montano, Alternate

GROUP 6 (Santa Clara County)

County of Santa Clara	Cindy Chavez* Otto Lee ***Vacant***, Alternate

Ex-Officio*

Metropolitan Transportation Commission (MTC) Commissioners representing Santa Clara County, Cities of Santa Clara County, and City of San Jose	Margaret Abe-Koga*

**These individuals also serve on the MTC.*

VTA BOARD OF DIRECTORS' STANDING COMMITTEES

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

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

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

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

VTA BOARD OF DIRECTORS' ADVISORY COMMITTEES

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

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

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

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

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

VTA BOARD OF DIRECTORS' POLICY ADVISORY BOARDS

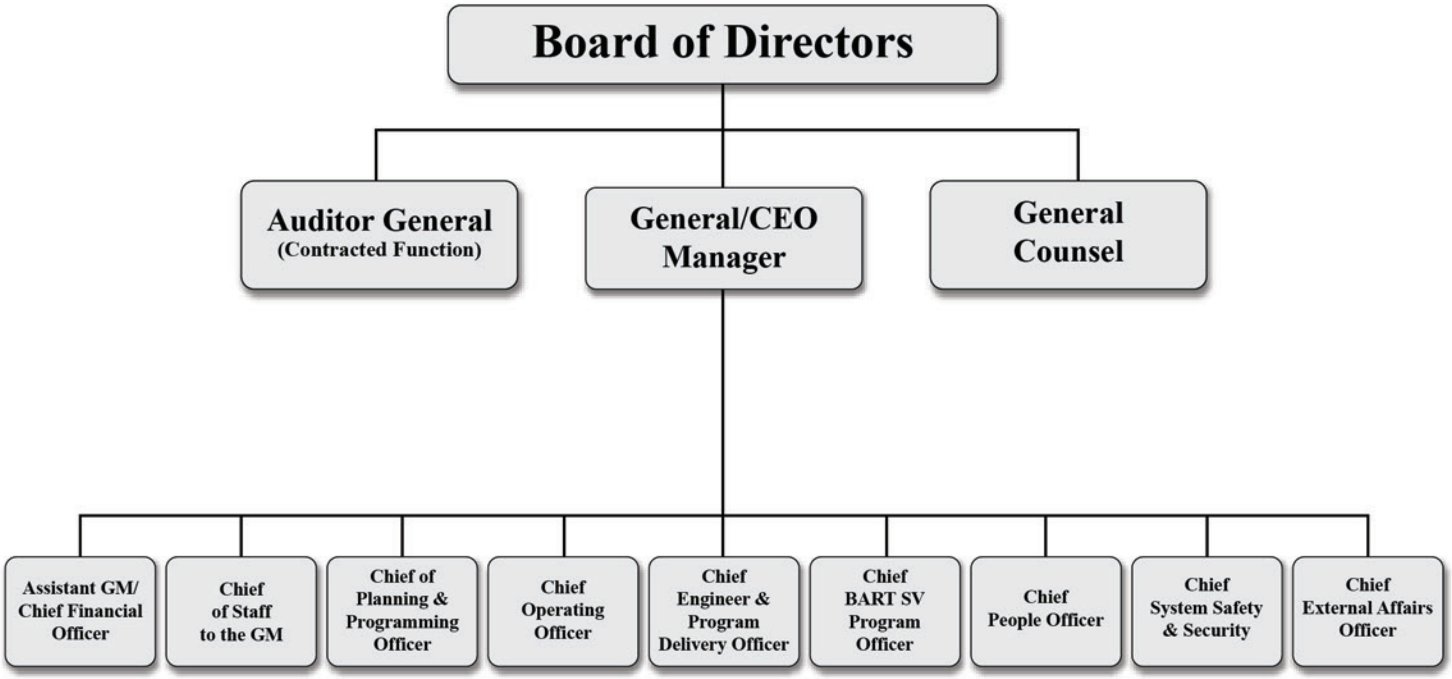
These Policy Advisory Boards (PABs) ensure the local jurisdictions affected by major transportation improvement projects are involved in the planning, design, and construction. Membership for each PAB varies. There are currently four active PABs:

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

VTA BOARD OF DIRECTORS' OVERSIGHT COMMITTEE

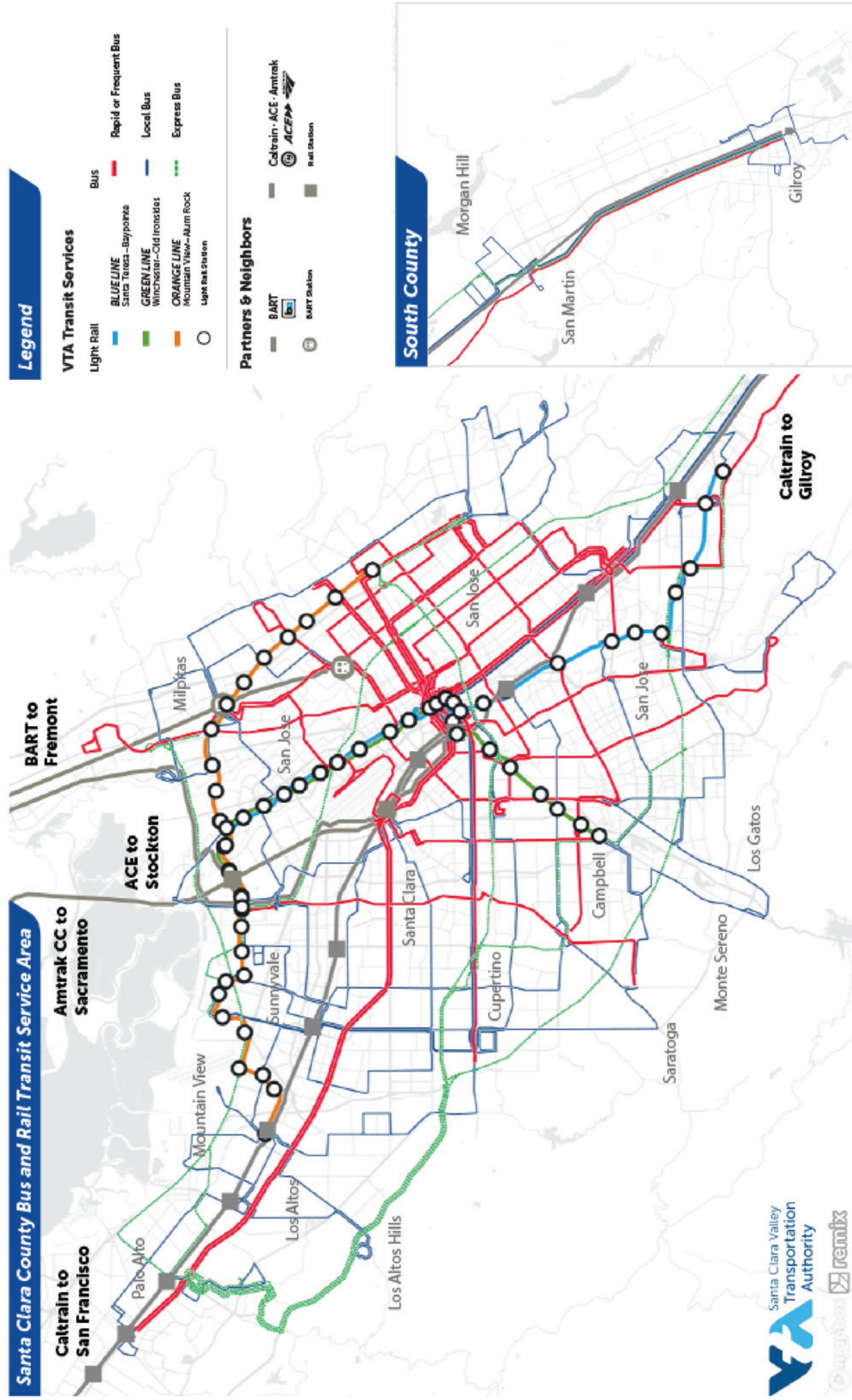
2016 Measure B Citizens' Oversight Committee (2016 MBCOC) - In accordance with the 2016 Measure B ballot, the 2016 MBCOC was established to perform the specific duties defined in the ballot. The 8-member committee is comprised of individuals with relevant expertise and experience necessary to assist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

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY As of June 30, 2023



Principal Officials as of June 30, 2023

General Manager/CEO	Carolyn Gonot
General Counsel	Evelynn Tran
Auditor General (Contracted Function)	Scott Johnson
Assistant GM/Chief Financial Officer	Greg Richardson
Chief of Staff to the GM	Jaye Bailey
Chief Planning & Programming Officer	Deborah Dagang
Chief Operating Officer	Derik Calhoun
Chief Engineering & Program Delivery Officer	Casey Emoto
Chief BART SV Program Officer	Gary Griggs
Chief People Officer	Sonya Morrison
Chief System Safety & Security	Aston Greene
Chief External Affairs Officer	Jim Lawson



Santa Clara County Bus and Rail Transit Service Area
Legend
VTA Transit Services
Light Rail
BLUE LINE
Santa Teresa–Baypointe
GREEN LINE
Winchester–Old Ironsides
ORANGE LINE
Mountain View–Alum Rock
Light Rail Station
Bus
Rapid or Frequent Bus
Local Bus
Express Bus
Partners & Neighbors
BART
BART Station
Caltrain · ACE · Amtrak
Rail Station
South County
Morgan Hill
San Martin
Gilroy
Caltrain to San Francisco
Amtrak CC to Sacramento
ACE to Stockton
BART to Fremont
Caltrain to Gilroy
Palo Alto
Los Altos
Los Altos Hills
Mountain View
Sunnyvale
Santa Clara
Cupertino
Saratoga
Monte Sereno
Los Gatos
Campbell
San Jose
Milpitas
Santa Clara Valley Transportation Authority

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise VTA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, governmental activities, each major fund, and the aggregate remaining fund information of VTA, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of VTA and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about VTA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* will always

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detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

a. Exercise professional judgment and maintain professional skepticism throughout the audit.
b. Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
c. Obtain an understanding of internal control relevant to the audit 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 VTA's internal control. Accordingly, no such opinion is expressed.
d. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
e. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about VTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise VTA's basic financial statements. The enterprise, special revenues and fiduciary fund supplementary information, the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The enterprise, special revenues and fiduciary funds supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 enterprise, special revenues and fiduciary funds 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, 2023.

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, 2022 (not presented herein), and have issued our report thereon dated October 28, 2022, 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, 2022 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, 2022 financial statements. The enterprise fund supplementary information as of and for the year ended June 30, 2022 have been subjected to the auditing procedures applied in the audit of the 2022 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, 2022.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023 on our consideration of VTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of VTA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering VTA's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
October 31, 2023

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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 2023. 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, 2023, VTA's net position, business-type and governmental activities, amounted to approximately $6.8 billion. This includes primarily the net investment in capital assets which is associated with the capital programs of the VTA Transit, BART Operating, and Joint Development funds, as well as operating activities of the Express Lanes fund.

- With an improved economy as an outcome of subsequent recovery from the pandemic, all sales tax revenues increased as follows (amounts in thousands):

Sales Tax Revenues	FY 2023	FY 2022	Increase/(Decrease)	
			Amount	%
1976 Sales Tax	$ 275,288	$ 258,474	$ 16,814	6.51 %
Bart Operating	67,161	63,294	3,867	6.11 %
2000 Measure A	275,283	258,470	16,813	6.50 %
2016 Measure B	272,988	258,000	14,988	5.81 %

- The three board-designated reserves; i.e., Transit Operating Reserve, Debt Reduction Reserve, and Sales Tax Stabilization Reserve were $90.6 million, $375.0 million, and $35.0 million, respectively. Any of these reserves may be reduced by the amount of set aside for Net Pension Liability established in compliance with GASB 68 in the amount of $314.5 million. Net Pension Liability represents the net amount owed by VTA to employees for benefits provided through a defined benefit pension plan that is attributed to employees' past period of service.

- Federal, state, and local operating grants, under the Enterprise Funds, were $137.9 million lower, or 43.6% in FY 2023. Although relief funds were received in the form of Sec. 5311, the amount was significantly lesser than the amount of relief funds received the prior year. This was partially offset by increases in Transportation Development Act (TDA) and State Transit Assistance (STA) funds. Recognition of TDA revenues in FY 2023 continued to be less than actual receipts. This is to allow for some provision for possible attrition in TDA allocation arising from the state claim that taxes from online sales were misallocated. Even with the reduction adjustments in TDA, overall receipts increased year-to-year by $27.8 million due to stronger consumer and business spending. STA was

$5.7 million higher, a 13.1% increase relative to previous year. Driving trends surpassed pre-pandemic levels as consumers experience falling diesel prices from a year ago.

Overview of the Financial Statements

VTA's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, this report also includes required and other supplementary information.

1. **Government-wide Financial Statements** The *Government-wide Financial Statements* provide a top-level view of VTA's financial picture in a format resembling that of a private-sector company.

   The *Statement of Net Position* presents information on all of VTA's assets and liabilities including deferred inflows and outflows of resources. The net position is the difference between assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources. Over time, an increase or decrease in net position may serve as an indicator of whether VTA's financial position is improving or deteriorating.

   The *Statement of Activities* presents information reflecting changes in VTA's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods.

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

2. **Fund Financial Statements**. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. VTA, like local and state governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. VTA funds are divided into three categories: governmental funds, proprietary funds (i.e., enterprise funds and internal service funds), and fiduciary funds.

   Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

   VTA maintains six major governmental funds to account for the financial activities of VTA's Congestion Management Program, 2000 Measure A Program, 2016 Measure B Program, Congestion Management and Highway Program, Senate Bill 83 Vehicle Registration Fee and the Bay Area Air Quality Management District.

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

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

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

   The activities of the VTA Amalgamated Transit Union (ATU) Pension Plan, ATU Spousal Medical, and Retiree Vision/Dental Funds and the Retirees' Other Post Employment Benefits (OPEB) Trust are reported in the retiree trust funds. Pension trust funds are used to account for assets held by VTA as a trustee for individuals and other organizations, such as ATU.

3. **Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 2-31 through 2-90 of this report.

In addition to the basic financial statements and notes, *Required Supplementary Information* is presented as required by GASB. The required supplementary information shows Net Pension Liabilities/Net OPEB Asset and Employer Contributions pertaining to ATU, CalPERS and OPEB, as well as Budgetary Comparison Schedules for the Congestion Management Program, 2016 Measure B Program, 2000 Measure A Program, Congestion Management and Highway Program, Vehicle Registration Fees, and Bay Area Air Quality Management Program. Required supplementary information can be found on pages 2-91 through 2-103 of this report.

Other supplementary information, such as the combining statements and other individual schedules, are found immediately following the required supplementary information presenting individual fund statements and schedules for the Enterprise and Fiduciary Funds. Other supplementary information can be found on pages 2-104 through 2-108 of this report.

4. **Government-Wide Financial Analysis**. The Government-Wide change in net position was $326.8 million. The Business-Type activities' net position increased by $180.8 million while the Governmental activities' net position grew by $146.0 million. The increase in the business-type net position was mainly due to sales tax receipts, capital grants, and capital acquisition transfers that were partially offset by decrease in operating grants due to lesser relief funds realized in the current year. The increase in the governmental activities' net position reflects growth primarily in the 2016 Measure B and 2000 Measure A sales tax receipts, as well grants from the state and local funding the Silicon Valley Berryessa Extension and other highway projects. The related fund investment earnings were positive in the current year, in contrast with last year's when there was a market downturn. The 1976 sales tax, 2000 Measure A sales tax, 2016 Measure B sales tax, and BART operating sales tax revenues for the fiscal year were $275.3 million, $275.3 million, $273.0 million, and $67.2 million, respectively. During FY 2023, VTA acquired or built total capital assets of approximately $267.2 million (see Note 6). Capital assets were funded by a variety of sources such as federal and state grants, bond proceeds as well as sales tax revenues.

Santa Clara Valley Transportation Authority
Condensed Statement of Net Position
FY 2023 and FY 2022
(In thousands)

	Business -Type Activities		Governmental Activities		Total	
	2023	2022	2023	2022	2023	2022
Asset:						
Current and other assets	$ 1,577,299	$ 1,488,083	$ 1,404,961	$ 1,265,052	$ 2,982,260	$ 2,753,135
Capital assets, net	5,271,892	5,205,600	—	—	5,271,892	5,205,600
Total assets	6,849,191	6,693,683	1,404,961	1,265,052	8,254,152	7,958,735
Deferred outflows of resources	124,374	113,216	29,585	43,904	153,959	157,120
Liabilities:						
Current liabilities	137,635	134,757	138,083	106,972	275,718	241,729
Long-term liabilities outstanding	596,343	525,553	723,560	774,921	1,319,903	1,300,474
Total liabilities	733,978	660,310	861,643	881,893	1,595,621	1,542,203
Deferred inflows of resources	50,297	138,104	2,496	2,691	52,793	140,795
Net position:						
Net investment in capital assets	5,179,068	5,097,498	—	—	5,179,068	5,097,498
Restricted	107,740	10,030	1,088,855	983,898	1,196,595	993,928
Unrestricted	902,482	900,957	(518,448)	(559,526)	384,034	341,431
Total net position	$ 6,189,290	$ 6,008,485	$ 570,407	$ 424,372	$ 6,759,697	$ 6,432,857

The largest portion of VTA's net position (approximately 83.7%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, and equipment), less any related outstanding debt used to acquire those assets and retention payable. VTA uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Although VTA's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot reasonably be used to liquidate these liabilities. The restricted net position represents mainly the funds set aside for the 1996 Measure B program, 2016 Measure B program, debt service collateral with the bond trustees, swap collateral, Net OPEB Asset, congestion management program, pollution mitigation and air quality program. The unrestricted categories include funds set aside by Board policies, and for funding of local share of capital projects; BART operating; inventory and prepaid expenses; VTA transit Operating Reserve; Debt Reduction; Express Lanes and Joint Development Program funds; Sales Tax Stabilization; Net Pension Liability; and Net Lease Asset. The unrestricted net position is generally available for appropriation with Board approval. The details of net position categories are shown as part of the Supplementary Information.

Generally accepted accounting principles require governments that participate in a defined benefit pension plan, administered as a trust or equivalent arrangement, to record the net pension liability, pension contributions, and deferred outflows/inflows of resources related to pensions in their financial statements. Net Pension Liability is the amount owed by VTA to its employees for benefits provided through a defined benefit pension plan. This liability consists of $159.8 million for CalPERS and $245.6 million for ATU.

In addition, generally accepted accounting principles require reporting of liability or asset in the financial statements of the governments whose employees are provided with Other Post Employment Benefit (OPEB). As of June 30, 2023, VTA showed a Net OPEB Asset for the excess of contributions to and earnings of the plan in relation to actual OPEB cost. VTA reported Net OPEB Asset which was included in the net position of $92.8 million as of June 30, 2023.

Net Lease Asset of $4.2 million represents the present value of the payments expected to be received or made during the lease term in accordance with GASB 87. As lessor, VTA recognizes a lease receivable and deferred inflow of resources at the commencement of the lease term, except for leases of assets held as investments, short-term leases, and leases that transfer ownership of the underlying asset. As lessee, VTA recognizes a lease liability and a lease asset at the commencement of the lease term of the lease contracts falling under the guidelines of GASB 87. As of June 30, 2023, Net Lease Asset was $4.2 million.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Condensed Statement of Activities

For the FY 2023 and FY 2022

(In thousands)

	Business-Type Activities		Governmental Activities		Total	
	2023	2022	2023	2022	2023	2022
Expenses:						
Labor, overhead, materials and professional services and other operations	$ 765,828	$ 708,316	$ 8,258	$ 8,165	$ 774,086	$ 716,481
Capital expense, on behalf of, and contribution to other agencies	1,015	3,178	197,370	185,990	198,385	189,168
Altamont Corridor Express and Caltrain subsidies	1,458	12,457	—	—	1,458	12,457
Program payments	—	—	17,335	20,181	17,335	20,181
Other expenses	4,277	681	1,727	600	6,004	1,281
Claims and change in future claim estimates	13,940	15,594	—	—	13,940	15,594
Interest expense	3,553	5,206	30,890	35,158	34,443	40,364
Total expenses	790,071	745,432	255,580	250,094	1,045,651	995,526
Program revenues:						
Charges for services	60,605	40,221	3,168	3,082	63,773	43,303
Operating grants	178,501	316,428	155,991	111,751	334,492	428,179
Capital grants	19,853	10,643	—	—	19,853	10,643
Total program revenues	258,959	367,292	159,159	114,833	418,118	482,125
Net program revenues (expenses)	(531,112)	(378,140)	(96,421)	(135,261)	(627,533)	(513,401)
General revenues and transfers:						
Sales tax revenue	342,449	321,768	548,271	516,470	890,720	838,238
Investment earnings/(losses)	22,365	(22,637)	23,954	(27,136)	46,319	(49,773)
Other general revenue	16,436	3,198	898	789	17,334	3,987
Total general revenues	381,250	302,329	573,123	490,123	954,373	792,452
Excess or deficiency of revenues over expenses	(149,862)	(75,811)	476,702	354,862	326,840	279,051
Transfers	330,667	275,291	(330,667)	(275,291)	—	—
Change in net position	180,805	199,480	146,035	79,571	326,840	279,051
Net position, beginning of year	6,008,485	5,809,005	424,372	344,801	6,432,857	6,153,806
Net position, end of year	$6,189,290	$6,008,485	$ 570,407	$ 424,372	$6,759,697	$6,432,857

Business-Type Activities – The total net position is $6.2 billion as of June 30, 2023. The increase is attributed to the year's change in net position of 180.8 million. Major elements of changes in net position were as follows:

- Operating grants decreased by $137.9 million largely due to the previous year's recognition of significant amount of federal relief funding from the Coronavirus Response and Relief Supplemental Appropriations Act and the American Rescue Plan Act, that did not occur again in the current year. There was an increase in the State Transit Assistance (STA) of $5.7 million, due to growth in diesel consumption as diesel prices fell and subsequent recovery from the pandemic occurred, rise in travel trend followed. An increase was also reflected in the Transportation Development Act (TDA) of $27.8 million due to growth in sales tax receipts. The TDA continued to be adjusted downward to conservatively recognize the revenue affected by uncertainties that could potentially lead to sales tax attrition of online sales in the state. The reduction adjustment in TDA was $9.6 million for the year and $40.8 million through June 30, 2023.

- The increase in capital grants of $9.2 million was primarily due to grant-eligible activities for Urban Planning and State of Good Repair replacement and rehabilitation projects. This includes reimbursements largely from the Overhead Catenary System Rehabilitation and Replacement, Bus Stop Improvement Program, and Americans with Disabilities Act Transition Plan projects.

- Sales Tax Revenue increased $20.7 million due to continued growth in consumer and business spending from improved economic conditions.

- Investment Earnings associated with interest income, unrealized gains/losses, and trading gains/losses increased by $45.0 million. The growth was largely due to multiple interest rates increases during the year, as well as marked-to-market gain compared with last year's loss from the market downturn.

- The increase in program expenses of $44.6 million was mainly a result of increases in labor, services, materials and supplies. The change in labor cost was mainly from wage increases in accordance with the provisions of various collective bargaining agreements. Services, materials and supplies increased slightly mainly due to diesel, parts, and professional services. Increases in diesel and parts were results of service changes as VTA restored service across the network. Professional services included consulting and advisory services pertaining to employee coaching, fiscal sustainability and critical event management. Other program expense related to the BART Operating and Maintenance Fund decreased year-to-year for the BART Augmentation Subsidy due to a credit for revenues collected from prior year causing the budget shortfall to decline.

  Capital contributions to other agencies were also lower by $2.2 million due to project costs relating to the 237 Express Lanes Phase II project that were higher in the prior year when the work was completed and further costs were incurred in the current year. VTA made no contribution to Caltrain subsidy in FY 2023.

Governmental Activities – As of June 30, 2023, the net position of governmental activities is $570.4 million. The increase is attributed to the year's change in net position of $146.0 million. Major components of changes in net position were as follows:

- The 2000 Measure A Special Revenue Fund is used to account for the 2000 Measure A Transit Improvement Program (TIP). Voters of the County of Santa Clara approved funding through a half-cent sales tax requiring that sales tax revenues be expended on projects included in the scope of 2000 Measure A. In FY2023, the 2000 Measure A Fund's net position was $34.9 million lower as growth from sales tax revenues, state and local grants, and investment earnings were offset by increases in transfers for capital expenditures.

- The 2016 Measure B Program Special Revenue Fund was created, upon approval of the Santa Clara County voters in November 2016, to record a 30-year half cent county-wide sales tax transactions in support of enhancing transit, highways, expressway and active transportation (bicycles, pedestrians and streets). In FY2023, the 2016 Measure B Fund's net position was $137.4 million higher as sales tax revenues and investment earnings outpaced increases in capital expenditures.

- The Congestion Management Program (CMP) Special Revenue Fund relates to Congestion Management Agency functions performed by VTA for Santa Clara County. The change in net position reflects eligible activities funded by the Surface Transportation Program (STP) and State Transportation Improvements Program grants, member assessments, and other state grants. STP grant revenue increased in FY 2023 and the overall change in fund balance grew by $1.2 million.

- The Congestion Management and Highway Program (CMHP) reported $57.1 million in grant revenues and capital expenditures; a decrease of $15.3 million from previous year's activities. This was a result of year-to-year reductions in project improvements to the the interchanges at US101 De La Cruz Blvd/Trimble Rd, US 101/SR 25, and US 101/Blossom Hill Road, as these projects approach completion.

- Senate Bill 83 Vehicle Registration Fee (VRF) had a fund balance increase of $5.0 million and the Bay Area Air Quality Management District (BAAQMD) Program had fund balance decrease of $621 thousand. VRF program payments were less than grant receipts while BAAQMD program payments were more than grant receipts. Both funds reported investment gains from interest earnings.

Financial Analysis of VTA's Funds – VTA uses funds to account for its various activities. This is to ensure and demonstrate compliance with finance-related legal requirements.

Enterprise Funds – VTA's enterprise funds report the activities of its transit operations, BART Operating, Express Lanes Program, and the Joint Development Program. Analysis of changes in the Enterprise Funds pertain largely to the activities of VTA Transit, and BART Operating and Maintenance funds.

Comparison of Enterprise Funds Revenues
FY 2023 and FY 2022
(In thousands)

Enterprise Funds Revenue	2023	2022	Change Favorable/(Unfavorable) Amount	Change Favorable/(Unfavorable) Percent
Charges for services	$ 60,605	$ 40,221	$ 20,384	50.68 %
Operating grants	178,501	316,428	(137,927)	(43.59)%
Capital grants	19,853	10,643	9,210	86.54 %
1976 half-cent sales tax	275,288	258,474	16,814	6.51 %
BART Operating Sales Tax	67,161	63,294	3,867	6.11 %
Investment earnings	21,503	(22,024)	43,527	197.63 %
Other income	15,863	1,906	13,957	732.27 %
Transfers in/(out)	330,667	275,291	55,376	20.12 %
Total	$ 969,441	$ 944,233	$ 25,208	2.67 %

Charges for Services – In the VTA Transit, Express Lanes, and Joint Development funds, charges for services, which were derived from bus farebox receipts, light rail ticket sales, sale of monthly passes (including SmartPass and tokens), paratransit fares, toll fees, advertising income, and joint development rent, were $60.6 million in FY 2023. Charges for Services increased slightly by $20.4 million or 50.7% from FY 2022.

Operating Grants – VTA Transit Operating grants include Transportation Development Act (TDA), State Transit Assistance (STA), Federal Section 5307 Urbanized Formula Program Grants, Federal Section 5311 Formula Grants for Other than Urbanized Areas and state vehicle license fees (AB434). In FY 2023, total operating grants decreased $137.9 million or 43.6% from the FY 2022. The significant amount of relief funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA) was available and received in the prior year, but not in the current year.

The State Transit Assistance (STA) funds are derived from state sales tax on diesel fuel. STA apportionments are made to regional transportation planning agencies (Metropolitan Transportation Commission in the San Francisco Bay Area Region) based on a formula that allocates 50% of the funds according to population and 50% according to the transit operator’s qualified revenues compared to all transit operators statewide from two years prior to the fiscal year of allocation. The increase in STA revenue of $5.7 million was attributed primarily to higher diesel consumption compared to the previous year, as driving trends increased from subsequent recovery from the pandemic and improved economic conditions.

The Transportation Development Act (TDA) funds are derived from a quarter-cent sales tax levied by the state on taxable transactions occurring in Santa Clara County. The Metropolitan Transportation Commission (MTC) retains a portion of these funds for administration and approximately 94% is returned to the source county (i.e., Santa Clara). There was an increase in Transportation Development Act (TDA) of $27.8 million. This increase occurred despite conservative recognition of the revenue for considering uncertainties from potential sales tax attrition due to pending resolution on a tax misallocation allegation for online sales within the state.

Capital Grants – Capital grants appear under VTA Transit and Joint Development Funds. In the VTA Transit Fund, capital grants include Federal Transit Administration (FTA) Federal Sections 5307, 5337 and 5339; other federal pass-throughs; State of Good Repair, and various State transit-related capital grants; capital contributions from local agencies, and reimbursements received by VTA for capital expenses undertaken on behalf of other agencies. Total capital grants increased by $9.2 million or 86.5% to $19.8 million. This is an outcome of more grant eligible activities during the year of certain projects such as the Overhead Catenary System Rehabilitation, Bus Stop Improvements, New Operations Control Center at Cerone, and Americans with Disabilities Transition Plan.

1976 Half-Cent Sales Tax Revenues – The 1976 Sales Tax is VTA's single largest source of revenue for operations under the VTA Transit Fund. The California Department of Tax and Fee Administration (CDTFA) collects the 1976 Sales Tax for VTA. The 1976 Sales Tax Revenues pay the operating expenses and capital expenditures, where state or federal capital assistance programs require that the recipient of assistance contribute locally-derived revenues. For FY 2023, total sales tax revenues were $275.3 million, a $16.8 million or 6.5% increase compared to the prior fiscal year's sales tax revenue. Sales tax receipts year-to-year increased, as consumer spending led consumption gains in recreational goods, vehicles, and fuel.

BART Operating – In November 2008, county residents passed a 1/8-cent sales tax to fund the operating and maintenance costs of the BART Extension. Collection of the tax, which will be for a period not to exceed 30 years, took effect on July 1, 2012. In FY 2023, total sales tax revenue under the BART Operating Fund was $67.2 million, a $3.9 million or 6.1% increase compared to last year. Similar to the other sales tax revenues, the receipts grew relative to the prior year with improved consumer and business spending.

Investment Earnings – The investment earnings are derived from three primary sources: short, mid, and long-term investment portfolios. Investment earnings were primarily recorded under the VTA Transit Fund. Pursuant to VTA's adopted investment policy and California Government Code, 100% of surplus assets are invested in domestic fixed income investments. Investment income increased by $43.5 million primarily due to interest rate increases throughout the year.

Other income – Other income includes revenues from permit fees, property rentals, proceeds from the sale of fixed assets, parking citations, and other non-operating activities. Other income increased by $14.0 million in FY 2023. The increase was primarily due to the sale of Evelyn Park-and-Ride lot and insurance settlement reimbursements from the Guadalupe Incident.

Transfers-in - FY 2023 reported a total transfer-in of $330.7 million primarily from the capital acquisitions from the 2000 Measure A Program Fund to the VTA Transit Fund and the BART Operating Fund of $233.9 million, 2000 Measure A and 2016 Measure B operating assistance of $74.6 million, Measure A Repayment Obligation of $17.6 million, and capital acquisitions from the Congestion Management and Highway Program to Express Lanes Fund totaling $4.6 million.

Comparison of Enterprise Funds Expenses
FY 2023 and FY 2022
(In thousands)

			Change Favorable/(Unfavorable)	
Enterprise Funds Expenses	**2023**	**2022**	**Amount**	**Percent**
Operations and support services	$ 778,902	$ 723,324	$ (55,578)	(7.68)%
Caltrain and ACE subsidy	1,458	12,457	10,999	88.30 %
Other expenses	8,845	9,065	220	2.43 %
Total	$ 789,205	$ 744,846	$ (44,359)	(5.96)%

Operations and Support Services – Operations and Support Services include labor and fringe, materials, support services, insurance, purchased transportation and other overhead costs incurred primarily for bus and light rail operations, services and support programs in VTA Transit, BART Operating, Express Lanes, and Joint Development funds. For FY 2023, operations and support services expense was $55.6 million or 7.7% higher compared to that of FY 2022. The increase was mainly due to increases in labor, service, and materials.

Change in labor cost included wage increases in accordance with the collective bargaining agreements. Increase in service and materials was brought about by restoration of service across the network in line with the New Transit Service Plan. With the economy recovering from the pandemic, VTA strived to gradually return to business operating normalcy.

Caltrain and ACE Subsidy - Subsidy to ACE amounted to $1.5 million in FY 2023, which reflected a one-time reduction that is anticipated to revert back in the following year. VTA did not contribute to the Caltrain Subsidy due to the passage of Measure RR in November 2020 which provided a dedicated funding source for Caltrain.

Internal Service Funds – VTA maintains Internal Service Funds to account for the activities related to Workers' Compensation, General Liability, and Compensated Absences programs. The costs of these activities are accounted for in these funds and then charged to VTA Transit Fund. These funds are fully funded as of June 30, 2023.

Governmental Funds – The focus of VTA's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing VTA's financing requirements. VTA maintains one governmental fund type – *Special Revenue Funds*.

<u>*Special Revenue Funds*</u> – These funds account for the activities of the Congestion Management Program, the 2016 Measure B Program, the 2000 Measure A Program, the Congestion Management and Highway Program, Bay Area Air Quality Management District (BAAQMD) Program and Vehicle Registration Fees (VRF).

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

Comparison of Special Revenue Funds
FY 2023 and FY 2022
(In thousands)

			Change Favorable/(Unfavorable)	
Special Revenue Funds	**2023**	**2022**	**Amount**	**Percent**
Total revenues	$ 732,282	$ 604,956	$ 127,326	21.05 %
Total expenditures	(293,513)	(287,002)	(6,511)	(2.27)%
Transfers out	(330,667)	(275,291)	(55,376)	(20.12)%
Change in fund balances	108,102	42,663	65,439	153.39 %
Fund balances, beginning of year	1,166,702	1,124,039	42,663	3.80 %
Fund balances, end of year	$ 1,274,804	$ 1,166,702	$ 108,102	9.27 %

CMP projects were funded from member assessments and various federal, state, and local grants. The 2000 Measure A Program Fund was created to report on the activities pertinent to the Measure A ballot approved in November 2000. The 2016 Measure B Program Fund was created in FY 2017, upon approval of the Santa Clara County voters in November 2016, to record a 30-year half cent county-wide sales tax transactions in support of enhancing transit, highways, expressway and active transportation (bicycles, pedestrians and streets).

For FY 2023, total revenues for Congestion Management and Highway Program were $57.1 million, which represent the total amount expended on the projects and fully funded by other governmental agencies. The overall decrease of $15.3 million was a result of decline in the activities of projects that are nearing completion such as the improvements on the interchanges at US101 Dela Cruz Blvd/Trimble Rd, US 101/SR 25, and US 101/Blossom Hill Road.

Total revenues under the Special Revenue Fund primarily include sales tax, grants, investment earnings, member assessments, and vehicle registration fees. This was reported at $732.3 million in FY 2023, an increase of $127.3 million from the preceding year. For FY 2023, total sales tax revenues were $548.3 million, a $31.8 million or 6.2% increase compared to the prior fiscal year's sales tax revenue. The favorable increases were due to improved consumer and business spending particularly in the areas of recreational goods, vehicles and fuel.

Total expenditures were $293.5 million an increase of $6.5 million from FY 2022. The increase was largely from 2016 Measure B activities on highway interchanges, local streets and roads as well as county expressways.

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, 2023, investment in capital assets net of accumulated depreciation, amounts to $5.3 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 2023, VTA acquired and constructed $267.2 million of capital assets.

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

	2023	2022
Land and Right-of-way	$ 1,847,157	$ 1,850,218
Construction in progress	1,248,018	1,067,584
Buildings and improvements	878,293	905,160
Furniture and fixtures	161,672	235,742
Vehicles	353,343	378,819
Caltrain-Gilroy Extension	28,517	29,907
Light Rail Tracks/Electrification	719,817	700,339
Other operating equipment	30,441	32,330
Leasehold improvements	2,796	3,277
Right-to-use assets	1,838	2,224
Total	$ 5,271,892	$ 5,205,600

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

Long-term debt – At year end, VTA has $795.5 million bonds outstanding. For FY 2023, the total principal debt payment made was approximately $53.4 million, and total amortization of the bond premium was $3.5 million.

Outstanding Debt
(In thousands)

	2023	2022
Business-type Activities:		
Sr. Lien Sales Tax Revenue Bonds (1976 Tax)	$ 75,623	$ 95,035
Secured by Toll Revenues	23,177	23,247
Governmental Activities:		
Sr. Lien Sales Tax Revenue Bonds (2000 Tax)	696,670	734,086
Total	**$ 795,470**	**$ 852,368**

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

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

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

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

Economic Factors and New Year's Budgets

The VTA Transit Operating Budget is $603.8 million for FY 2024 and $624.5 million for FY 2025. It is expected that throughout FY 2024 and FY 2025, VTA's transit service will gradually be restored to pre-pandemic levels in line with the 2023 Transit Service Plan approved by the Board. The budget assumes a complete return to full service levels in FY 2025 There was no proposed change in the current fare pricing structure.

The Adopted Budget included funding plans to maintain capital infrastructure, keep assets in a state of good repair, and invest in targeted improvements in support of the safety, security and efficiency of the transit system. It is anticipated that approved projects will align with the stated objectives and other high priority initiatives that have a ridership emphasis on platform improvement, bus stop infrastructure and passenger information monitors as well as facility and technology improvements. Specific projects forming part of the Budget include the farebox upgrade, centralized transit signal priority, non-revenue vehicle replacement, facility modifications, signal improvements and replacements of traction power substations and obsolete bus stop shelters.

The Adopted FY 2024 and FY 2025 Budget for the 2000 Measure A Capital Program includes additional appropriation for Silicon Valley BART Extension Phase 2 and the Eastridge to BART Regional Connector of the Silicon Valley BART Extension. These projects utilize cash-on-hand and projected cash receipt. No additional debt is anticipated during the 2-year budget period. The operation and maintenance of the Silicon Valley BART Extension is funded primarily by the 2008 Measure B sales tax. Major capital budget appropriation requested for FY 24 and FY 25 relates to the fencing for the right-of-way along the 10-mile Silicon Valley Berryessa Extension Corridor.

Requests for Information

Please address all questions or requests for additional information to the Finance Division, Attention: Assistant General Manager/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, 2023
(In thousands)

	Business-Type Activities	Governmental Activities	Total
ASSETS:			
Cash and investments	$ 1,154,762	$ 1,153,488	$ 2,308,250
Receivables, net	17,687	20,493	38,180
Internal balances	615	(615)	—
Other receivables	4,001	—	4,001
Due from other agencies	92,707	161,486	254,193
Inventories	29,139	—	29,139
Prepaid expenses	6,618	16,309	22,927
Restricted cash and investments	157,848	53,800	211,648
Long-term receivable	177	—	177
Lease receivable	28,326	—	28,326
Net OPEB asset	85,419	—	85,419
Capital assets:			
Capital assets - nondepreciable	3,095,175	—	3,095,175
Capital assets - depreciable, net of accumulated depreciation	2,174,879	—	2,174,879
Intangible right to use assets, net of accumulated amortization	1,838	—	1,838
Total assets	6,849,191	1,404,961	8,254,152
DEFERRED OUTFLOWS OF RESOURCES:			
Hedging derivative instruments	—	26,890	26,890
Refunding amounts	2,898	2,695	5,593
Pension related	96,496	—	96,496
OPEB related	24,980	—	24,980
Total deferred outflows of resources	124,374	29,585	153,959
LIABILITIES:			
Accounts payable and accrued expenses	33,480	84,742	118,222
Deposits	414	—	414
Accrued payroll and related liabilities	8,096	—	8,096
Bond interest and other fees payable	560	7,926	8,486
Unearned revenues	19,529	109	19,638
Other accrued expenses	524	—	524
Due to other agencies	75,032	45,306	120,338
Noncurrent liabilities:			
Due within one year: Bonds, notes, leases, claims, comp absences	37,545	38,180	75,725
Due in more than one year:			
Bonds, notes, leases, claims, comp absences	153,325	658,490	811,815
Derivative instruments	—	26,890	26,890
Net pension liability	405,473	—	405,473
Total liabilities	733,978	861,643	1,595,621
DEFERRED INFLOWS OF RESOURCES:			
Pension related	5,547	—	5,547
OPEB related	17,632	—	17,632
Lease asset related	27,118	—	27,118
Deferred amount on refunding	—	2,496	2,496
Total deferred inflows of resources	50,297	2,496	52,793
NET POSITION:			
Net investment in capital assets	5,179,068	—	5,179,068
Restricted:			
1996 Measure B transit program	1,708	—	1,708
Net OPEB Asset (GASB 75)	92,767	—	92,767
2016 Measure B transit program	—	993,408	993,408
Air quality program	—	3,606	3,606
Pollution mitigation	—	36,398	36,398
Debt service	13,265	52,288	65,553
Congestion management program	—	3,155	3,155
Unrestricted	902,482	(518,448)	384,034
Total net position	$ 6,189,290	$ 570,407	$ 6,759,697

See Accompanying Notes to Basic Financial Statements

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Activities
For the year ended June 30, 2023
(In thousands)

	Business-Type Activities	Governmental Activities	
	Transit	Congestion Management	Total
EXPENSES:			
Labor, overhead, materials and professional services and other operations	$ 765,828	$ 8,258	$ 774,086
Capital expenses on behalf of, and contribution to other agencies	1,015	197,370	198,385
Altamont Corridor Express subsidy	1,458	—	1,458
Program payments	—	17,335	17,335
Other expenses	4,277	1,727	6,004
Claims and change in future claim estimates	13,940	—	13,940
Interest expense	3,553	30,890	34,443
Total expenses	790,071	255,580	1,045,651
PROGRAM REVENUES:			
Charges for services	60,605	3,168	63,773
Operating grants	178,501	155,991	334,492
Capital grants	19,853	—	19,853
Total program revenues	258,959	159,159	418,118
Net program revenues (expenses)	(531,112)	(96,421)	(627,533)
GENERAL REVENUES AND TRANSFERS:			
General revenues:			
Sales tax revenue	342,449	548,271	890,720
Investment earnings/(losses)	22,365	23,954	46,319
Other general revenues	16,436	898	17,334
Transfers	330,667	(330,667)	—
Total general revenues and transfers	711,917	242,456	954,373
Change in Net Position	180,805	146,035	326,840
Net Position, beginning of the year	6,008,485	424,372	6,432,857
Net Position, end of year	$ 6,189,290	$ 570,407	$ 6,759,697

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds
June 30, 2023
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
ASSETS:						
Current assets:						
Cash and cash equivalents	$ 1,231	$ 843	$ 6,845	$ 1,601	$ 10,520	$ 22,199
Investments	750,358	273,838	5,782	29,446	1,059,424	62,619
Receivables, net	15,449	2,238	—	—	17,687	—
Lease receivable	2,879	—	—	—	2,879	—
Due from other funds	—	—	—	—	—	6,283
Due from other agencies	79,287	12,055	887	478	92,707	—
Inventories	29,139	—	—	—	29,139	—
Prepaid expenses	3,151	3,467	—	—	6,618	—
Restricted cash and cash equivalents with fiscal agent	1,738	144,583	11,527	—	157,848	—
Total current assets	883,232	437,024	25,041	31,525	1,376,822	91,101
Noncurrent assets:						
Long-term receivable	177	—	—	—	177	—
Lease receivable	25,447	—	—	—	25,447	—
Net OPEB asset	85,419	—	—	—	85,419	—
Capital assets - non-depreciable:						
Land and right of way	1,121,807	722,430	—	2,920	1,847,157	—
Construction in progress	153,788	1,082,525	9,158	2,547	1,248,018	—
Capital assets - depreciable/amortizable:						
Intangible right-to-use assets	2,206	—	—	—	2,206	—
Caltrain - Gilroy extension	53,790	—	—	—	53,790	—
Buildings and improvements	690,115	517,241	1,882	—	1,209,238	—
Furniture and fixtures	182,014	341,267	7,488	—	530,769	—
Vehicles	648,575	154,649	—	—	803,224	—
Light-rail tracks and electrification	578,221	606,932	—	—	1,185,153	—
Leasehold improvements	9,851	—	—	—	9,851	—
Others	83,081	51	1,468	—	84,600	—
Less accumulated depreciation	(1,362,262)	(336,847)	(2,637)	—	(1,701,746)	—
Less accumulated amortization	(368)	—	—	—	(368)	—
Net capital assets	2,160,818	3,088,248	17,359	5,467	5,271,892	—
Total noncurrent assets	2,271,861	3,088,248	17,359	5,467	5,382,935	—
Total assets	3,155,093	3,525,272	42,400	36,992	6,759,757	91,101
DEFERRED OUTFLOWS OF RESOURCES:						
Refunding amounts	2,898	—	—	—	2,898	—
Pension related	96,496	—	—	—	96,496	—
OPEB related	24,980	—	—	—	24,980	—
Total deferred outflows of resources	124,374	—	—	—	124,374	—

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Fund Net Position *(continued)*

Proprietary Funds

June 30, 2023

(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
LIABILITIES:						
Current liabilities:						
Current portion of long-term debt	17,710	—	95	—	17,805	—
Accounts payable and accrued expenses	30,048	715	1,912	529	33,204	276
Lease payable	166	—	—	—	166	—
Deposits	292	—	—	122	414	—
Accrued payroll and related liabilities	8,096	—	—	—	8,096	
Bond interest and other fees payable	262	—	298	—	560	—
Unearned revenues	16,292	—	—	3,237	19,529	—
Other accrued expenses	524	—	—	—	524	—
Due to other funds	1,667	—	—	—	1,667	—
Due to other agencies	75,032	—	—	—	75,032	—
Claims liability	—	—	—	—	—	6,326
Compensated absences	—	—	—	—	—	13,248
Total current liabilities	150,089	715	2,305	3,888	156,997	19,850
Noncurrent liabilities:						
Claims liability	—	—	—	—	—	42,148
Compensated absences	—	—	—	—	—	28,441
Long-term debt	57,913	—	23,082	—	80,995	—
Lease payable	1,741	—	—	—	1,741	—
Net pension liability	405,473	—	—	—	405,473	—
Total noncurrent liabilities	465,127	—	23,082	—	488,209	70,589
Total liabilities	615,216	715	25,387	3,888	645,206	90,439
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	5,547	—	—	—	5,547	—
OPEB Related	17,632	—	—	—	17,632	—
Lease asset related	27,118	—	—	—	27,118	—
Total deferred inflows of resources	50,297	—	—	—	50,297	—
NET POSITION:						
Net Investment in Capital Assets	2,085,353	3,088,248	—	5,467	5,179,068	—
Restricted:						
1996 Measure B projects	1,708	—	—	—	1,708	—
Net OPEB Asset (GASB 75)	92,767	—	—	—	92,767	—
Debt service	1,738	—	11,527	—	13,265	—
Unrestricted	432,388	436,309	5,486	27,637	901,820	662
Total net position	$ 2,613,954	$ 3,524,557	$ 17,013	$ 33,104	$ 6,188,628	$ 662

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

Net Position of Enterprise Funds	$ 6,188,628
Net Position of Internal Service Funds, which benefits Business-Type Activities	662
Net Position of Business-Type Activities (Page 2-20)	$ 6,189,290

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2023
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
OPERATING REVENUES:						
Fares - Transit	$ 26,103	$ —	$ —	$ —	$ 26,103	$ —
Fares - Paratransit	1,202	—	—	—	1,202	—
Fares - Bart	—	7,550	—	—	7,550	—
Toll revenues collected	—	—	19,699	—	19,699	—
Advertising and others	4,704	—	—	—	4,704	—
Charges for services	521	—	—	826	1,347	18,324
Total operating revenues	32,530	7,550	19,699	826	60,605	18,324
OPERATING EXPENSES:						
Labor cost	399,269	1,350	474	13	401,106	—
Materials and supplies	39,560	—	—	—	39,560	—
Services	54,667	56,742	5,268	5,284	121,961	—
Utilities	11,576	20	73	—	11,669	—
Casualty and liability	15,732	710	—	—	16,442	—
Purchased transportation	25,643	—	—	—	25,643	—
Leases and rentals	1,678	—	—	—	1,678	—
Miscellaneous	1,894	—	—	—	1,894	5,250
Depreciation expense	85,527	109,094	1,862	—	196,483	—
Amortization expense	165	—	—	—	165	—
Costs allocated to capital and other programs	(37,699)	—	—	—	(37,699)	—
Claims and change in future claims estimates	—	—	—	—	—	13,940
Total operating expense	598,012	167,916	7,677	5,297	778,902	19,190
Operating income/(loss)	(565,482)	(160,366)	12,022	(4,471)	(718,297)	(866)
NON-OPERATING REVENUES (EXPENSES):						
Sales tax revenue	275,288	67,161	—	—	342,449	—
Federal operating assistance and other grants	1,597	—	—	—	1,597	—
State and local operating assistance grants	176,904	—	—	—	176,904	—
Capital expense on behalf of, and contribution to other agencies	(1,008)	(7)	—	—	(1,015)	—
Altamont Corridor Express subsidy	(1,458)	—	—	—	(1,458)	—
Investment earnings/(losses)	14,357	6,257	402	487	21,503	862
Interest expense	(2,355)	—	(1,198)	—	(3,553)	—
Other income	15,863	—	—	—	15,863	573
Other expenses	(4,271)	(6)	—	—	(4,277)	—
Total non-operating revenues (expenses)	474,917	73,405	(796)	487	548,013	1,435
Income (loss) before capital contributions and transfers	(90,565)	(86,961)	11,226	(3,984)	(170,284)	569
Capital grants and contributions	18,826	—	—	1,027	19,853	—
Transfers in	92,435	233,680	4,552	9,096	339,763	—
Transfers out	(9,096)	—	—	—	(9,096)	—
Change in net position	11,600	146,719	15,778	6,139	180,236	569
Net position, beginning of year	2,602,354	3,377,838	1,235	26,965	6,008,392	93
Net position, end of year	$2,613,954	$ 3,524,557	$ 17,013	$ 33,104	$ 6,188,628	$ 662

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	$180,236
Change in net position of the Internal Service Fund, which benefits Business-Type Activities	569
Change in net position of Business-type Activities (Page 2-21)	$180,805

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2023
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from transit fares	$ 26,103	$ 7,550	$ —	$ —	$ 33,653	$ —
Cash received from Paratransit fares	1,202	—	—	—	1,202	—
Cash received from Tolls	—	—	19,699	—	19,699	—
Cash received from advertising	4,704	—	—	—	4,704	—
Cash paid for labor costs	(538,551)	(1,350)	(474)	(13)	(540,388)	—
Cash paid to suppliers	(184,250)	(57,939)	(4,753)	(5,604)	(252,546)	—
Cash paid for purchased transportation	(25,643)	—	—	—	(25,643)	—
Cash received from contributions	—	—	—	—	—	18,324
Payments made to beneficiaries	—	—	—	—	—	(22,879)
Payments made to third party contractors	—	—	—	—	—	(5,250)
Other receipts/(payments)	—	218	340	826	1,384	—
Net cash provided by/(used in) operating activities	(716,435)	(51,521)	14,812	(4,791)	(757,935)	(9,805)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants received	181,275	—	—	—	181,275	—
Sales tax received	273,533	66,757	—	—	340,290	—
Altamont Corridor Express subsidy	(1,458)	—	—	—	(1,458)	—
Capital contributions to other agencies	(10,689)	(7)	—	—	(10,696)	—
Transfers in	92,180	—	—	—	92,180	—
Net cash provided by/(used in) non-capital financing activities	534,841	66,750	—	—	601,591	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment of long-term debt	(17,710)	—	(70)	—	(17,780)	—
Advance (to)/from other governments	15,874	—	—	—	15,874	—
Interest and other fees paid on long-term debt	(1,356)	—	(1,198)	—	(2,554)	—
Acquisition and construction of capital assets	(14,096)	(238,611)	(5,462)	—	(258,169)	—
Capital contribution from other entities	18,826	—	—	1,027	19,853	—
Capital acquisition from other funds	8,841	233,680	4,552	—	247,073	—
Transfer out	(9,096)	—	—	9,096	—	—
Net cash provided by/(used in) capital and related financing activities	1,283	(4,931)	(2,178)	10,123	4,297	—
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	1,179,264	395,728	8,458	39,265	1,622,715	114,444
Purchase of investments	(1,026,422)	(373,152)	(13,779)	(43,853)	(1,457,206)	(109,968)
Interest income received	18,117	9,507	427	646	28,697	1,032
Net cash provided by/(used in) investment activities	170,959	32,083	(4,894)	(3,942)	194,206	5,508
Net increase/(decrease) in cash and cash equivalents	(9,352)	42,381	7,740	1,390	42,159	(4,297)
Cash and cash equivalents, beginning of year	12,321	103,045	10,632	211	126,209	26,496
Cash and cash equivalents, end of year	$ 2,969	$ 145,426	$ 18,372	$ 1,601	$ 168,368	$ 22,199

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows Proprietary Funds (continued)
For the year ended June 30, 2023

(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES						
Operating income/(loss)	$ (535,236)	$ (160,366)	$ 12,022	$ (4,471)	$ (688,051)	$ (866)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:						
Depreciation	85,527	109,094	1,862	—	196,483	—
Changes in operating assets and liabilities:						
Other current assets	(34)	(467)	—	—	(501)	—
Receivables	57,232	—	588	(352)	57,468	—
Inventories	(569)	—	—	—	(569)	—
Accounts payable	(64,657)	218	340	—	(64,099)	—
Other accrued liabilities	(3,520)	—	—	—	(3,520)	(8,939)
Deposits from others	(170)	—	—	2,993	2,823	—
Unearned revenue	(57,067)	—	—	(2,961)	(60,028)	—
Pension and OPEB related	(197,941)	—	—	—	(197,941)	—
Net cash provided by/(used in) operating activities	$ (716,435)	$ (51,521)	$ 14,812	$ (4,791)	$ (757,935)	$ (9,805)
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:						
Unrestricted:						
Cash and cash equivalents	$ 1,231	$ 843	$ 6,845	$ 1,601	$ 10,520	$ 22,199
Restricted:						
Cash and cash equivalents with fiscal agent	1,738	144,583	11,527	—	157,848	—
	$ 2,969	$ 145,426	$ 18,372	$ 1,601	$ 168,368	$ 22,199
NONCASH ACTIVITIES:						
Increase/(Decrease) in fair value of investments	$ 1,314	$ 1,902	$ 11	$ 44	$ 3,271	$ 51
Noncash capital contributions	9,057	—	—	—	9,057	—
GASB 87 lease asset related	4,942	—	—	—	4,942	—
Total non-cash activities	$ 15,313	$ 1,902	$ 11	$ 44	$ 17,270	$ 51

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2023

(In thousands)

	Special Revenue Funds						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total Governmental Funds
ASSETS:							
Cash and cash equivalents	$ 7,644	$ 2,953	$ 726	$ 7,662	$ 189	$ 6,454	$ 25,628
Investments	129,482	968,341	—	408	2,379	27,250	1,127,860
Accounts receivables	20,204	—	—	289	—	—	20,493
Due from other funds	—	—	—	447	—	—	447
Due from other agencies	81,882	48,788	2,697	24,152	1,159	2,808	161,486
Prepaid expenses	16,309	—	—	—	—	—	16,309
Restricted cash with fiscal agent	52,288	—	—	1,512	—	—	53,800
Total assets	$ 307,809	$ 1,020,082	$ 3,423	$ 34,470	$ 3,727	$ 36,512	$ 1,406,023
LIABILITIES:							
Accounts payable	$ 43,635	$ 25,821	$ 164	$ 14,887	$ 121	$ 114	$ 84,742
Unearned revenue	109	—	—	—	—	—	109
Due to other funds	209	853	—	—	—	—	1,062
Due to other agencies	25,619	—	104	19,583	—	—	45,306
Total liabilities	69,572	26,674	268	34,470	121	114	131,219
FUND BALANCES:							
Non-spendable	16,309	—	—	—	—	—	16,309
Restricted	221,928	993,408	3,155	—	3,606	36,398	1,258,495
Total fund balances	238,237	993,408	3,155	—	3,606	36,398	1,274,804
Total liabilities and fund balances	$ 307,809	$ 1,020,082	$ 3,423	$ 34,470	$ 3,727	$ 36,512	$ 1,406,023

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

Amounts reported for governmental activities in the statement of net position (page 2-20) are different because:		
Total governmental fund balance		$ 1,274,804
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the fund:		
Long-term debt	(696,670)	
Derivative instruments	(26,890)	
Deferred inflows of resources related to refunding costs	(2,496)	
Deferred outflows of resources related to derivative instruments	26,890	
Deferred outflows of resources related to refunding costs	2,695	(696,471)
Interest payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds		(7,926)
Net position of government activities (page 2-20)		$ 570,407

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2023

(In thousands)

	Special Revenue Funds						
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	Total Governmental Funds
REVENUES:							
Sales tax revenue	$ 275,283	$ 272,988	$ —	$ —	$ —	$ —	$ 548,271
Assessment to member agencies	—	—	3,046	—	—	—	3,046
Administrative fees	—	—	122	—	—	—	122
Federal grant revenues	1,064	—	3,165	482	—	—	4,711
State and local grants	65,522	—	374	56,635	2,362	18,693	143,586
Federal subsidy for Build America Bonds	7,694	—	—	—	—	—	7,694
Investment earnings	4,264	18,967	25	—	73	625	23,954
Other revenues	484	—	414	—	—	—	898
Total revenues	354,311	291,955	7,146	57,117	2,435	19,318	732,282
EXPENDITURES:							
Congestion Management - Current							
Labor and overhead costs	—	1,495	5,229	—	—	—	6,724
Professional services	—	941	563	—	—	—	1,504
Materials and services	—	—	30	—	—	—	30
Capital expenditures on behalf of, and contributions to other agencies	10,099	134,612	94	52,565	—	—	197,370
Program payments	—	—	—	—	3,056	14,279	17,335
Other expenditures	1,683	33	11	—	—	—	1,727
Debt Service:							
Principal	36,460	—	—	—	—	—	36,460
Interest	32,363	—	—	—	—	—	32,363
Total expenditures	80,605	137,081	5,927	52,565	3,056	14,279	293,513
Excess (deficiency) of revenues over expenditures	273,706	154,874	1,219	4,552	(621)	5,039	438,769
OTHER FINANCING SOURCES & USES:							
Transfers out	(308,615)	(17,500)	—	(4,552)	—	—	(330,667)
Net change in fund balances	(34,909)	137,374	1,219	—	(621)	5,039	108,102
Fund balances, beginning of year	273,146	856,034	1,936	—	4,227	31,359	1,166,702
Fund balances, end of year	$ 238,237	$ 993,408	$ 3,155	$ —	$ 3,606	$ 36,398	$ 1,274,804

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (page 2-21) are different because:		
Net change in fund balances - total governmental funds		$ 108,102
Repayment of debt service is an expenditure in the governmental funds, but reduces the long-term liabilities		36,460
Expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditure in the governmental funds		
Amortization of bond premium	956	
Amortization of gain on refunding debt	196	
Amortization of loss on refunding debt	(374)	
Change in accrued interest payable	695	1,473
Change in net position of governmental activities (page 2-21)		$ 146,035

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

(In thousands)

		ATU Pension, ATU Medical & OPEB Trust Funds
ASSETS:		
Cash and investments:		
Cash and cash equivalents	$	6,144
Corporate bonds		66,990
Municipal bonds		1,984
U.S. government agency bonds		56,342
U.S. treasury		10,933
Money market funds		1,414
Equity based		642,248
Real asset funds		63,065
Alternative investments		215,894
Receivables		1,284
Due from other agencies		10
Total assets		1,066,308
LIABILITIES:		
Accounts payable		902
Due to other funds		4,001
Total liabilities		4,903
NET POSITION:		
Restricted for:		
ATU pension benefits		648,363
Retiree medical benefits		368,354
ATU retiree spousal medical benefits		26,375
ATU retiree dental and vision benefits		18,313
Total net position	$	1,061,405

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2023

(In thousands)

		ATU Pension, ATU Medical & OPEB Trust Funds
ADDITIONS:		
Employee contributions	$	7,984
Employer contributions		39,030
Total contributions		47,014
Investment earnings		
Investment income		27,176
Net change in the fair value of investments		51,853
Investment expense		(6,087)
Net investment earnings/(losses)		72,942
Total additions		119,956
DEDUCTIONS:		
Benefit payments		70,691
Services		27
Administrative expenses		451
Total deductions		71,169
Change in net position		48,787
Net position, beginning of year		1,012,618
Net position, end of year	$	1,061,405

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 – THE FINANCIAL REPORTING ENTITY

Santa Clara Valley Transportation Authority (VTA), which was established in 1972, develops, maintains, and operates a public mass transit system for the benefit of the residents of the County of Santa Clara (County), California (State). VTA's governing board consists of two members of the County Board of Supervisors, five City Council members from the City of San Jose, and five City Council members selected from among the remaining incorporated cities in the County.

The accompanying basic financial statements include the financial activities of the Santa Clara Valley Transportation Authority Amalgamated Transit Union (ATU) Pension Plan and the Other Post Employment Benefit Plan (the Plans) in the Trust Funds. The financial activities of the Plans are also included in the basic financial statements because they exclusively serve the employees of VTA. Due to the fact that the Plans are fiscally dependent on VTA, they are reported as trust funds by VTA.

The Santa Clara Valley Transportation Authority Congestion Management Program (CMP) was created in 1990 in response to Proposition 111. The CMP is not legally separate from VTA. The CMP is responsible for the development and implementation of the Valley Transportation Plan (VTP), the long-range transportation and land use plan for the County, and for preparing and implementing the state-mandated CMP. It is also responsible for the programming and oversight of discretionary federal, state, and local funds, and for serving as the program manager for certain countywide grant funds, including the Transportation Fund for Clean Air (TFCA). Annual contributions from 17 member agencies are based on a formula adopted by the Board of Directors of VTA. The contribution formula considers each member agency's share of Proposition 111, state gas tax revenues, as well as employment within the County. The CMP is included as a major governmental fund in the accompanying basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and Statement of Activities display information about VTA as a whole. These statements include the financial activities of the overall government, except for activities reported in fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *business-type* and *governmental activities* of VTA. Business-type activities, which normally rely significantly on fees charged to external parties, are reported separately from governmental activities, which normally are supported by taxes and inter-governmental revenues.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type and governmental activities. Direct expenses are those that are specifically associated with a program or function and; are, therefore, clearly identifiable to a particular function. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about VTA's funds, including fiduciary funds. Separate statements for each fund category – *proprietary, governmental, and fiduciary* – are presented. The emphasis of fund financial statements is on the major governmental and the enterprise funds, each displayed in separate columns. All governmental and enterprise funds of VTA are presented as major funds.

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

- The VTA Transit Fund accounts for the operations of VTA. The primary sources of funding for transit operations are the one-half cent sales tax, farebox collections, other federal/state TDA grants, as well as operating assistance from 2000 Measure A and 2016 Measure B.
- 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 and US101/SR 85 Express Lanes. The primary source of funding for the operations is toll revenues. The fund reports a long-term liability relating to a loan agreement primarily for funding construction costs of the Express Lanes project.
- The Joint Development Fund is used to set aside the proceeds generated from VTA's Joint Development Program, whose mission is to maximize the economic value of the agency's real estate assets through site-appropriate development. The aggregated funds may be appropriated for the continued operation and development of VTA through formal action by the VTA Board of Directors.

Additionally, VTA reports an Internal Service Fund that is used to account for compensated absences and risk management activities of VTA, which are managed through a combination of purchased insurance and self-insurance.

The Governmental Funds are used to account for VTA's governmental activities where the proceeds of specific revenue sources are legally restricted to expenditures for specific purposes and for the acquisition of capital assets or construction of major capital projects (other than those financed by the Enterprise Funds). VTA reports the following major special revenue funds:

- The 2000 Measure A Special Revenue Fund is used to account for the 2000 Measure A Transit Improvement Program funded through a one-half cent sales tax as approved in an election by voters of County of Santa Clara requiring that sales tax revenues be expended on projects included in the scope of 2000 Measure A.
- The 2016 Measure B Special Revenue Fund is used to account for the 2016 Measure B Program funded through a one-half cent sales tax approved in an election by voters of County of Santa Clara requiring that sales tax revenues be expended on enhancing transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets).
- The Congestion Management Program Special Revenue Fund is used to account for the congestion management planning, programming, and development services for Santa Clara County. Major sources of revenue for this fund are member agency assessments and federal and state grants.
- The Congestion Management and Highway Program (CMHP) Capital Projects Fund is used to account for the acquisition of capital assets and construction of highway projects administered on behalf of State and other local governments.
- Bay Area Air Quality Management District (BAAQMD) accounts for the activities that relate to the Transportation Fund for Clean Air (TFCA) program, for purposes of regulating emissions from stationary and mobile services.
- Senate Bill (SB) 83 Vehicle Registration Fund (VRF) was established to administer the vehicle registration fee collected under SB 83 and approved by voters in 2010. The purpose is to fund congestion and pollution mitigation projects and programs.

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

(b) Basis of Accounting and Measurement Focus

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

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

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

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

(c) Cash and Investments

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

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments, which are readily convertible to known amounts of cash. Only investments with maturities of three months or less at the time of purchase are classified as cash equivalents. Restricted and unrestricted cash, and cash equivalents and cash and investments with fiscal agents are considered to be cash and cash equivalents for purposes of the accompanying statement of cash flows. Access to cash and investments with fiscal agents is similar to that of a demand deposit account and, therefore, investments are considered to be cash equivalents.

(d) Inventories

Inventories are valued at cost using the weighted average method, which approximates market. They are charged to expense at the time individual items are withdrawn from inventory (consumption method). Inventory consists primarily of parts and supplies relating to the maintenance of transportation vehicles and facilities.

(e) Restricted Assets

Restricted assets consist of monies and other resources, the use of which are legally restricted for capital projects and debt service.

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

Bond refunding gains/losses for the government-wide statement of net position and the proprietary funds are reported as deferred inflows/outflows of resources and amortized on a straight-line basis over a period equal to the term of the related bond. The discounts and premiums are amortized using the effective interest rate method. Bond discounts and premiums in the government-wide and proprietary funds are presented as a reduction and addition, respectively, of the face amount of bonds payable.

(g) *Capital Assets*

It is VTA's policy that assets with a value of $5,000 or more, and a useful life beyond one year are capitalized, included in the applicable proprietary fund financial statement and depreciated over their estimated useful lives. Property, facilities, and equipment are stated at historical cost. Normal maintenance and repair costs are charged to operations as incurred. Donated capital assets are stated at acquisition value. Improvements are capitalized and depreciated over the remaining useful lives of the related assets.

Depreciation is computed using the straight-line method over estimated useful lives as follows:

Asset being Depreciated	Useful Life
Buildings and improvements	25 to 50 years
Furniture and fixtures	5 to 10 years
Vehicles (excluding light-rail vehicles)	5 to 12 years
Light-rail tracks, electrification, and light-rail vehicles	25 to 30 years
Leasehold improvements	10 to 35 years
Other operating equipment	5 to 10 years

Governmental funds of VTA do not report capital outlays because these funds are used to fund capital projects related to the congestion program of the participating jurisdictions in the County or fund capital acquisition of the proprietary funds of VTA. Therefore, VTA's governmental activities do not report capital assets.

(h) *Vacation and Sick Leave Benefits*

It is the policy of VTA to permit employees to accumulate unused vacation and sick leave benefits up to the limit designated in the various collective bargaining agreements. As vacation and sick leave are used during the year, they are reported as expenses. Additionally, there is an amount charged each month to accrue the estimated increase in unused vacation and sick leave. The balance reflecting the year-end value of unused vacation and sick leave is reported in the Internal Service Fund.

(i) *Self-Insurance*

VTA retains $10 million in self-insurance for general liability and completely self-insures workers' compensation claims. Estimated losses on claims other than workers' compensation claims are charged to expense in the period the loss is determinable. Estimated losses for workers' compensation claims are charged to expense as a percentage of labor in each accounting period. The costs incurred for workers' compensation and general liability (including estimates for claims incurred but not yet reported) are reported in the Internal Service Fund based on an actuarial determination of the present value of estimated future cash payments (see Notes 15 and 16).

(j) Net Position

The government-wide and proprietary funds financial statements utilize a net position presentation. Net Position is categorized as net investment in capital assets, restricted, and unrestricted.

- Net Investment in Capital Assets - This category groups all capital assets, including infrastructure and intangibles, into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

- The Statement of Fund Net Position as of June 30, 2023, on pages 2-22 and 2-23, reports that enterprise fund net investment in capital assets (net of related debt) is $5.2 billion.

- Restricted Net Position - This category consists of debt service and related swap, amounts restricted for 1996 Measure B projects, Net OPEB Asset, 2016 Measure B program, Congestion Management Program (CMP), swap collateral, debt service, Bay Area Air Quality Management District and Vehicle Registration Fees. When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

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

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

(k) Cost Allocated to Capital and Other Programs

On the Statement of Revenues, Expenses, and Changes in Fund Net Position, the VTA Transit Fund reports $37.7 million as costs allocated to capital and other programs. This amount represents primarily a credit for direct and indirect labor, associated fringe benefits, and other costs that were capitalized as construction in progress.

(l) Estimates

Management has made a number of estimates and assumptions relating to certain reported amounts, and certain disclosures to prepare the basic financial statements in conformity with GAAP. Actual results could differ from those estimates.

(m) Fund Balance - Governmental Funds

The fund balances are classified as restricted or non-spendable. Restricted fund balance 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. Non-spendable consists of assets that are inherently

(n) Fund Balance Spending Order Policy

When expenditures are incurred for purposes, for which both restricted and unrestricted resources are available, VTA considers restricted funds to have been spent first. VTA reported no committed, assigned, or unassigned fund balances.

(o) Leases

Lessor – VTA recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, except for short-term leases. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

Lessee – VTA recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease, or it transfers ownership of the underlying asset. The lease liability is measured at the present value of payments expected to be made during the lease term (excluding any lease incentives received). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term.

(p) New Accounting Pronouncements

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers, and eliminate diversity in practice associated with: (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations; and (3) related note disclosures. Issuers are required to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. Effective date was deferred effective for reporting periods after December 15, 2021, or the FY 2023. This statement did not have an impact on VTA's financial statements.

GASB Statement No. 93 - In March 2020, GASB issued Statement No. 93*, Replacement of Interbank Offered Rates,* Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB Statement No. 99, *Omnibus 2022,* extended the implementation of this requirement until cessation of LIBOR rate publication.

GASB Statement No. 94 - In March 2020, GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements.* The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, or the FY 2023. This Statement did not have an impact on VTA's financial statements.

GASB Statement No. 96 - In May 2020, GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements.* The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation cost of a SBITA; and (4) requires note disclosures regarding SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022, or the FY 2023. The Statement did not have a material impact on VTA's financial statements.

GASB Statement No. 99, *Omnibus 2022.* The requirements in paragraph 11-25 are effective for fiscal years beginning after June 30, 2022. The requirements in paragraph 4-10 are effective for fiscal years beginning after June 30, 2023. No expected effect on the VTA's financial statements for the remaining paragraphs. The requirements in paragraphs 11-17 on Leases were implemented effective July 1, 2021. The requirements in paragraphs 18-22 on PPPs did not have an impact on the VTA financial statements. The remaining paragraphs of this Statement did not have a material impact on VTA's financial statements

GASB Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant,consistent and comparable information for making decisions or assessing accountability. GASB 100 will be effective fiscal year ending June 30, 2024. VTA does not expect this standard to have a significant impact to the financial statements.

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 will be effective fiscal year ending June 30, 2025. VTA does not expect this standard to have a significant impact to the financial statements.

NOTE 3 - CASH AND INVESTMENTS

Total cash and investments as of June 30, 2023, are reported in the accompanying basic financial statements as follows (in thousands):

	Enterprise Funds	Internal Service Fund	Governmental Funds	Retiree Benefits Trust Funds	Total
Cash and Cash Equivalents	$ 10,520	$ 22,199	$ 25,628	$ 6,144	$ 64,491
Restricted Cash and Cash Equivalents with Fiscal Agents	157,848	—	53,800	—	211,648
Total cash equivalents	168,368	22,199	79,428	6,144	276,139
Investments	1,059,424	62,619	1,127,860	1,058,870	3,308,773
Total Cash and Investments	$ 1,227,792	$ 84,818	$ 1,207,288	$ 1,065,014	$ 3,584,912

Cash and Cash Equivalents

VTA maintains several checking accounts related to its operations. These checking accounts earn interest based on the bank's sweep rate.

Investments policies

VTA's investments fall into two categories, i.e. investments related to: (1) operations pool, and (2) retiree benefits pool. The first includes investments reported by all VTA funds except for the ATU Pension, Spousal Medical/Retiree Dental, and Other Post Employment Benefit (OPEB) funds (retiree benefits), which may be restricted or unrestricted depending on the source of the funds. The second includes retiree benefits investments that are held to pay retirement benefits of ATU, Local 265 Pension Plan, ATU Spousal Medical/Retiree Dental, and the Retirees' OPEB.

Investment within the operations pool

Government code requires that the primary objective is to safeguard the principal, secondarily meet the liquidity needs of the local government, and then achieve a reasonable return. Furthermore, the intent of the government code is to minimize risk of loss on held investments from:

1. Interest rate risk
2. Credit risk
3. Custodial / counterparty credit risk
4. Concentration of credit risk

VTA's investment policy covering the operations pool conforms to state statutes and provides written investment guidance regarding the types of investments that may be made and the amounts, which may be invested in any one financial institution or any one long-term instrument. VTA's permissible investments include U.S. treasury obligations, obligations of federal agencies and U.S. government sponsored enterprises, state of California obligations, local agency obligations, bankers' acceptances with 180 days or less in maturity and no more than 40% of the total operations pool, commercial papers with a rating of A-1/P-1 or higher with 270 days or less in maturity and no more than 25% of the total operations pool, repurchase and reverse repurchase agreements with one year or less in maturity and no more than 20% of the total operations pool, medium-term corporate notes, insured with no more than 30% of the total operations pool, collateralized savings/money market accounts with no more than 30% of the total operations pool, negotiable certificates of deposit with five years or less in maturity and no more than 30% of the total operations pool, mortgage and asset-backed obligations with a rating of Aa/AA or higher, invested in these permissible investments mentioned above.

VTA's policy also allows investments in the State Treasurer's Office Local Agency Investment Fund (LAIF). LAIF is commingled within the state of California Pooled Money Investment Account

(PMIA). If the state's shares of PMIA is exhausted, then participation by the state in the PMIA is zero. There is no correlation between the state's share of that pool and VTA's. LAIF is not a Securities and Exchange Commission (SEC) registered pool and is unrated, but it is required to invest in accordance with the guidelines established by the California Government Code. The weighted average maturity of the investments in LAIF on June 30, 2023, was 260 days. Earnings are paid quarterly based on the average daily balance of the participants in the pool. The fair value of VTA's investment in the LAIF pool is reported in the accompanying financial statements at amounts based upon the VTA's pro-rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis, which is different from the fair value of the VTA's position in the LAIF pool.

Interest Rate Risk – Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. VTA's $2.5 billion investment in the operations pool is in compliance with the maximum maturity provision of VTA's Investment Policy.

The following schedule indicates the maturity of investments at June 30, 2023 (in thousands):

	Maturity				
OPERATIONS POOL	**Less than 1 year**	**1-5 Years**	**6-10 Years**	**Over 10 Years**	**Total**
Corporate Bonds	$ 130,576	$ 654,520	$ —	$ —	$ 785,096
Municipal Bonds	30,604	89,952	—	—	120,556
Commercial Paper/CD	103,796	—	—	—	103,796
US Government Agency Bonds	105,594	197,168	—	—	302,762
US Treasury	164,078	674,850	22,293	—	861,221
Money Market Funds	1,472	—	—	—	1,472
LAIF	75,000	—	—	—	75,000
Subtotal	$ 611,120	$ 1,616,490	$ 22,293	$ —	2,249,903
Cash with Fiscal Agents					211,648
Cash Deposits					58,347
Total cash and investments in the operations pool					2,519,898

	Maturity				
RETIREE BENEFITS POOL	**Less than 1 year**	**1-5 Years**	**6-10 Years**	**Over 10 Years**	**Total**
Corporate Bonds - Pension	$ 722	$ 10,714	$ 7,442	$ 18,691	$ 37,569
Corporate Bonds - OPEB	1,081	7,048	8,648	12,644	29,421
Municipal Bonds - Pension	—	—	418	646	1,064
Municipal Bonds - OPEB	—	—	324	596	920
US Government Agency Bonds - Pension Plan	—	63	1,109	30,327	31,499
US Government Agency Bonds - OPEB Plan	1	24	441	24,377	24,843
US Treasury - Pension	—	2,376	1,437	1,655	5,468
US Treasury - OPEB	1,215	1,938	617	1,695	5,465
Money Market Funds - Pension	798	—	—	—	798
Money Market Funds - OPEB	616	—	—	—	616
Subtotal	$ 4,433	$ 22,163	$ 20,436	$ 90,631	137,663
Equity Based					642,248
Real Assets Funds					63,065
Alternative Investments					215,894
Cash Deposits					6,144
Total cash and investments in the retiree benefits pool					1,065,014
Total cash and investments					$ 3,584,912

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

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

	Rating as of June 30, 2023		
	Operations Pool	**Retiree Benefits Pool**	**Total**
Corporate bonds			
A	$ 331,317	$ 4,486	$ 335,803
A-1	2,072	—	2,072
AA	114,403	6,907	121,310
AAA	229,776	—	229,776
B	—	2,154	2,154
BB	—	8,614	8,614
BBB	103,803	44,829	148,632
P-1	3,725	—	3,725
Municipal bonds			
A	20,699	742	21,441
A1	2,274	—	2,274
AA	71,005	1,242	72,247
Aa1	16,247	—	16,247
Aa2	3,805	—	3,805
Aa3	5,371	—	5,371
AAA	1,155	—	1,155
Certificates of Deposit			
A1	53,504	—	53,504
P-1	6,287	—	6,287
Commercial Paper			
A1	44,005	—	44,005
US Government Agencies			
AA	187,244	56,342	243,586
AA+	115,518	—	115,518
US Treasury Notes			
AA+	861,221	10,933	872,154
Unrated cash and investments			
Cash with Fiscal Agents	211,648	—	211,648
Real Assets Funds	—	63,065	63,065
Equity Based	—	642,248	642,248
Alternative Investments	—	215,894	215,894
LAIF	75,000	—	75,000
Money Market Funds	1,472	1,414	2,886
Deposits with financial institutions	58,347	6,144	64,491
TOTAL	$ 2,519,898	$ 1,065,014	$ 3,584,912

Custodial Credit Risk – Deposits - For deposits, custodial credit risk is the risk that in the event of a bank failure, some or all of VTA's deposits might not be returned. To mitigate this risk, State law requires all deposits to be either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions. VTA does not have a specific policy with respect to deposits' custodial credit risk. VTA's deposits are not exposed to significant deposit risks because of the collateralization protection provided by the California Government Code.

Custodial Credit Risk – Investments - The custodial credit risk for investments is the risk that, in the event of a failure of the custodian (e.g. broker-dealer), VTA may not be able to recover the value of its investments or collateral securities that are in the possession of another party. VTA's Investment Policy limits exposure to counterparty credit risk by requiring that all securities owned by VTA be held with "perfected interest" in the name of VTA by an independent custodian that is a bank trust department and is unrelated to any other involved counterparty. As of June 30, 2023, VTA believes its counterparty credit risk exposure is minimal.

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

Other than investments in mutual funds, external investment pools or securities issued by U.S. Government, VTA did not hold investments in any one issuer that exceeded 5% or more of the total operations pool. As of June 30, 2023, the retiree benefits pool held investments in the UBS Trumbull Real Estate Fund, Dodge & Cox, Principal Group and BlackRock that exceeded 5% of the retiree benefits pool.

Fair Value Measurement – The following schedule indicates the fair value hierarchy and fair value amounts (in thousands) for both VTA's operating fund investments and the trust investments at June 30, 2023:

	Fair Value Hierarchy			
Operations Pool	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate Bonds	$ —	$ 785,096	$ —	$ 785,096
Municipal Bonds	—	120,556	—	120,556
US Government Agency Bonds	—	302,762	—	302,762
US Treasury	861,221	—	—	861,221
Certificates of Deposit	—	59,791	—	59,791
Subtotal	$861,221	$ 1,268,205	$ —	2,129,426
Not subject to the fair value hierarchy				
Money Market Funds				1,472
Cash with Fiscal Agents				211,648
Commercial Paper				44,005
LAIF				75,000
Cash Deposits				58,347
Subtotal				390,472
Cash and investments in the operations pool				2,519,898

	Fair Value Hierarchy			
Retiree Benefits Pool	**Level 1**	**Level 2**	**Level 3**	**Total**
Corporate Bonds - Pension Plan	$ —	$ 37,569	$ —	$ 37,569
Corporate Bonds - OPEB Plan	—	29,421	—	29,421
Municipal Bonds - Pension Plan	—	1,064	—	1,064
Municipal Bonds - OPEB Plan	—	920	—	920
US Government Agency Bonds - Pension Plan	—	31,499	—	31,499
US Government Agency Bonds - OPEB Plan	—	24,843	—	24,843
US Treasury - Pension Plan	5,468	—	—	5,468
US Treasury - OPEB Plan	5,465	—	—	5,465
Equity Based	—	642,248	—	642,248
Subtotal	$ 10,933	$ 767,564	$ —	778,497
Net Asset Value				
Real Assets Funds				63,065
Alternative Investments				215,894
Subtotal				278,959
Not subject to the fair value hierarchy				
Money Market Funds - Pension				798
Money Market Funds - OPEB				616
Cash Deposits				6,144
Subtotal				7,558
Cash and investments in the retiree benefits pool				1,065,014
Total cash and investments				$3,584,912

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Foreign Currency Risk

This is the risk that changes in the exchange rates will adversely affect the fair value of underlying investments. The following table provides information as of June 30, 2023, concerning the fair value of investments that are subject to foreign currency risk that are only reported in the retiree benefits pool:

Currency Name		**Global Equity ('000)**
United Arab Emirates Dirham	$	526
Australian Dollar		10,499
Brazilian Real		2,395
Swiss Franc		14,277
Chilean Peso		253
Chinese Yuan Renminbi Offshore		6
Chinese Yuan Renminbi Onshore		1,771
Columbia Peso		45
Czech Koruna		63
Danish Krone		4,340
Egyptian Pound		43
Euro		49,271
British Pound Sterling		21,150
Hong Kong Dollar		12,163
Hungarian Forint		89
Indonesian Rupiah		869
Israeli new Shekel		553
Indian Rupee		6,759
Japanese Yen		32,016
South Korean Won		5,385
Kuwaiti Dinar		367
Mexican Peso		1,156
Malaysian Ringgit		629
Norwegian Krone		891
New Zealand Dollar		290
Philippine Peso		296
Polish Zloty		374
Qatari Riyal		374
Saudi Riyal		1,781
Swedish Krona		4,633
Singapore Dollar		1,729
Thai Baht		890
Turkish New Lira		287
Taiwan Dollar		7,041
South African Rand		1,329
Total	$	184,540

NOTE 4 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2023, is as follows (in thousands):

	Due from other funds	Due to other funds
Enterprise Funds		
VTA Transit	$ —	$ 1,667 [1]
Internal Service Fund		
General Liability	6,283 [2]	—
Governmental Funds		
2000 Measure A Program	—	209 [3]
2016 Measure B Program	—	853 [3]
Congestion Management & Highway Program	447 [4]	—
Subtotal	447	1,062
Fiduciary Funds		
ATU Pension Trust Fund	—	4,001 [5]
Total	$ 6,730	$ 6,730

[1]Represents net expenses initially paid by other funds on behalf of the VTA Transit fund.

[2] Primarily pertains to the actuarial insurance provision due from the VTA Transit fund.

[3]Generally represents labor and vendor costs initially paid by other funds.

[4]Represents expenses paid at year-end by Congestion Management & Highway Program on behalf of other funds.

[5]Represents expenses paid temporarily by VTA Transit fund at year-end on behalf of the the ATU Pension fund.

A summary of the transfers in/out for the year ended June 30, 2023, is as follows:

Transfer from	Transfer to	Purpose	Amount (in thousands)
2000 Measure A Fund	VTA Transit Fund	Fund capital acquisitions	$ 255
		Operating Assistance	57,121
		Meas A Repayment Obligation	17,559
2016 Measure B Fund	VTA Transit Fund	Operating Assistance	17,500
		Subtotal	92,435
VTA Transit Fund	Joint Development	Proceeds from sale of Evelyn Park-and-Ride lot	(9,096)
		Subtotal	83,339
VTA Transit Fund	Joint Development	Proceeds from sale of Evelyn Park	9,096
Congestion Management & Highway Program	Express Lanes	Fund capital acquisitions	4,552
2000 Measure A Fund	BART Operating Fund	Fund capital acquisitions	233,680
		Total	$ 330,667

The transfer to VTA Transit includes $255 thousand of fund capital acquisitions from 2000 Measure A (consisting largely of facility modifications for bus rapid transit), $17.6 million of Measure A Repayment Obligation, $57.1 million of operating assistance from 2000 Measure A, and $17.5 million of operating assistance from 2016 Measure B Program. Express Lanes received $4.6 million capital acquisitions from Congestion Management and Highway Program. The $233.7 million transfer to BART Operations consists of capital acquisition from 2000 Measure A (including passenger facility stations relating to the Silicon Valley Berryessa Extension and BART vehicle procurement projects). Joint Development received $9.1 million for the sale of Evelyn Park from VTA Transit Fund.

NOTE 5 – DUE FROM AND DUE TO OTHER AGENCIES

Due from other agencies as of June 30, 2023 consisted largely of sales tax receivables of $159.9 million ($61.9 million under enterprise funds, and $98.0 million under governmental funds), State Transit Assistance of $8.3 million and Transportation Development Act (TDA) of $9.8 million. A summary is provided as follows (in thousands):

Due from Other Agencies	Enterprise Funds	Fiduciary Funds	Governmental Funds
Federal Government	$ 760	$ —	$ 8,834
State Government	83,276	—	115,108
Cities and other local agencies	8,671	10	37,544
Total	$ 92,707	$ 10	$ 161,486

Due to other agencies as of June 30, 2023 consisted of advances for capital projects received from the entities as provided below (in thousands):

Due to Other Agencies	Enterprise Funds	Governmental Funds
Federal	$ —	$ 7,720
State	21,698	15,350
CDTFA CA TDA	40,800	—
Caltrain	9,120	—
Local & Other cities	3,415	22,236
Total	$ 75,032	$ 45,306

NOTE 6 – CAPITAL ASSETS

Capital asset changes for VTA's business-type activities for the year ended June 30, 2023, were as follows (in thousands):

	July 1, 2022	Additions	Retirements	Transfers	June 30, 2023
Capital assets, not being depreciated					
Land and right-of-way	$ 1,850,218	$ —	$ (3,828)	$ 767	$ 1,847,157
Construction in progress	1,067,584	267,196	(434)	(86,328)	1,248,018
Total capital assets, not being depreciated	2,917,802	267,196	(4,262)	(85,561)	3,095,175
Capital assets, being depreciated/Amortized					
Caltrain - Gilroy extension	53,790	—	—	—	53,790
Buildings and improvements	1,207,622	—	(10)	1,626	1,209,238
Furniture and fixtures	523,306	17	(167)	7,613	530,769
Vehicles	800,249	—	(7,823)	10,798	803,224
Light rail tracks and electrification	1,121,304	—	—	63,849	1,185,153
Leasehold improvement	9,851	—	—	—	9,851
Intangible Right-to-use assets	2,426	(220)	—	—	2,206
Others	82,705	220	—	1,675	84,600
Total capital assets, being depreciated/ Amortized	3,801,253	17	(8,000)	85,561	3,878,831
Accumulated Depreciation/Amortization					
Caltrain - Gilroy extension	(23,883)	(1,390)	—	—	(25,273)
Buildings and improvements	(302,462)	(28,484)	1	—	(330,945)
Furniture and fixtures	(287,564)	(81,699)	166	—	(369,097)
Vehicles	(421,430)	(36,273)	7,822	—	(449,881)
Light rail tracks and electrification	(420,965)	(44,371)	—	—	(465,336)
Leasehold improvement	(6,574)	(481)	—	—	(7,055)
Intangible Right-to-use assets	(202)	(166)	—	—	(368)
Others	(50,375)	(3,784)	—	—	(54,159)
Total accumulated depreciation/Amortization	(1,513,455)	(196,648)	7,989	—	(1,702,114)
Total capital assets, being depreciated/ Amortized, net	2,287,798	(196,631)	(11)	85,561	2,176,717
Total capital assets, net	$ 5,205,600	$ 70,565	$ (4,273)	$ —	$ 5,271,892

Construction in Progress (CIP) includes capitalized costs and right-of-way acquisitions associated with the following projects as of June 30, 2023, (in thousands):

Silicon Valley Rapid Transit	$ 1,045,983
Light Rail Program	91,566
Bus Program	16,478
Operating Facilities & Equipment	24,902
Revenue Vehicles & Equipment	1,710
Information Systems Technology	18,901
Light Rail - Way, Power & Signal	32,773
Silicon Valley Express	9,158
Non-Revenue Vehicle	255
Passenger Facilities	3,611
Joint Development	2,642
Vasona Corridor Projects	19
Others	20
Total	$ 1,248,018

NOTE 7 - LONG-TERM DEBT & LIABILITIES

Long-term debt service as of June 30, 2023, consisted of the following (in thousands):

Business-Type Activities:

Secured by VTA's 1976 Measure A 1/2 Cent Sales Tax:	
2017 Series B Refunding ($15,140 plus unamortized premium of $3,717)	$ 18,857
2018 Series A Refunding ($47,770 plus unamortized premium of $8,996)	56,766
Secured by Toll Revenues:	
Silicon Valley Express Lanes State Route 237 Loan	23,177
Subtotal	98,800
Less: Current portion of long-term debt	(17,805)
Long term debt, excluding current portion	$ 80,995

Governmental Activities:

Sales tax revenue bonds secured by VTA'S 2000 Measure A 1/2-cent sales tax:	
2008 Series A-D Measure A Refunding	$ 235,875
2010 Series A-B Refunding	375,275
2015 Series A-B Refunding ($12,395 plus unamortized premium of $3,450)	15,845
2020 Series A Measure A Refunding	69,675
Subtotal	696,670
Less: Current portion of long-term debt	(38,180)
Long term debt, excluding current portion	$ 658,490

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

- In December 2017, $27.76 million of VTA 2017 Series B Sales Tax Revenue Refunding Bonds were issued to advance refund $31.45 million principal amount of the VTA 2011 Series A bonds maturing on June 1, 2028. The 2011 Series A bonds were fully paid from escrow in 2021. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The refunding bonds were issued at an all-in true interest cost of 1.98%. The 2017 Series B Bonds were issued as a traditional fixed rate bond in a negotiated sale.

- In September 2018, $103.22 million of VTA 2018 Series A Sales Tax Revenue Refunding Bonds were issued to current refund $114.92 million principal amount of the VTA 2008 Series A, B and C Bonds (the "2008 Bonds") maturing on June 1, 2026. As part of the refunding, VTA terminated the three fixed payor interest rate swaps associated with the 2008 Bonds. Unlike a traditional refunding for debt service savings, the purpose of the 2018 Bonds was to simplify VTA's debt portfolio, and to eliminate future uncertainty related to variable rate 2008 Bonds and the related interest rate swaps. The refunding bonds were issued at an all-in true interest cost of 3.14%. The 2018 Series A Bonds were issued as a traditional fixed rate bond in a negotiated sale.

(b) Santa Clara Express Lanes Program State Route 237 - Phase 2 Project Financing, secured by Toll Revenues

- In September 2017, VTA entered into a loan agreement with Western Alliance Bank to provide up to a $24 million loan to fund construction costs of the SR237 Express Lanes Phase 2 project, pay capitalized interest, and fund issuance costs of the loan. The loan is a draw down type loan, with advances permitted through September 30, 2019. During the advances period a variable interest rate is calculated based on 1-month LIBOR plus a spread. Beginning October 1, 2019, the loan is subject to an annual interest rate of 5.15% and will be amortized over the remaining 17 years of the 20-year term. The loan is secured solely by toll revenues and any other related revenues received from the operation of the SR237 Express Lanes.

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

- In June 2008, $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 remained outstanding. The 2008 Measure A Bonds were issued as variable rate demand bonds and bear interest at a weekly rate, which is determined by the Remarketing Agent to be the rate necessary to remarket the 2008 Measure A Bonds at par value.

The maturities of the 2008 Measure A Bonds extend to April 1, 2036, and are subject to optional and mandatory redemption and optional and mandatory tender for purchase before maturity. Concurrent with the issuance and sale of the 2008 Measure A Bonds, four interest rate swap agreements originally entered into concurrent with the issuance of the Series A-D of the 2006 Measure A Sales Tax Revenue Bonds, were reassigned to the 2008 Measure A Bonds.

- In November 2010, $645.9 million of 2010 Measure A Bonds, Series A and B, were issued, at a true interest cost of 3.54%, to fund certain 2000 Measure A transit capital improvement projects, most notably the BART Extension to Berryessa. The bonds were issued as a combination of taxable, Build America Bonds (Series A), and traditional tax-exempt bonds (Series B). Related to the Series A Build America Bonds, VTA is entitled to receive a federal subsidy of 35% on its interest cost for the Build America Bonds. However, as a result of the Federal budget impasse and resulting sequestration of funding, the subsidy has been reduced by various amounts beginning in 2013 and has most recently provided a subsidy of about 33.0%. Both bond series are fixed interest rate bonds. The Series A Bonds have a final maturity date of April 1, 2032 and the Series B Bonds have a final maturity of April 1, 2020. The 2010 Measure A Bonds, Series A (taxable Build America Bonds) are subject to mandatory and optional redemption provisions prior to their stated maturity dates. The 2010 Measure A Bonds Series B (tax-exempt) are not subject to redemption prior to their maturity date.

- In February 2015, $89.98 million of 2015 Measure A Series A and B were issued to current refund the 2007 Measure A Series A bonds maturing on April 1, 2018, and later. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The refunding bonds were issued at an all-in true interest cost of 2.92%.

- In September 2020, $69.7 million of 2020 Measure A Series A were issued to advance refund the 2027-2036 maturities of the 2015 Measure A Series A bonds. The select maturities for the 2015 bonds with a par amount of $57.2 million will be refunded in April 2025 from 2020 bond proceeds deposited in an escrow account. The refunding was done in order to take advantage of the lower interest cost of the refunding bonds. The unamortized balance was reported as deferred outflow of resources. The refunding bonds were issued at a true interest cost of 1.822%.

(d) Interest Rate Swaps

VTA has four interest rate swap agreements outstanding as of year-end. These swap agreements hedge the 2000 Measure A 2008 bonds (as shown in Governmental Activities table). The 2000 Measure A 2008 bond swap agreements require that VTA pay fixed interest rates and receive interest at 65% of three-month LIBOR. Effective July 1, 2023, the interest rate swaps were indexed to the Secured Overnight Financial Rate (SOFR).

Summary

The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2023, were as follows (dollars in thousands):

Governmental Activities:

Associated Bonds	Current Notional	Effective Date	Fixed Rate Paid	Variable Received	Fair Value*	Termination Date	Counterparty Credit Rating[CR]	Fair Value Hierarchy Level
MA 2008A	$ 85,875	8/10/2006	3.765%	65% 3Mo LIBOR	$ (9,790)	4/1/2036	Aa3/A+/A+	2
MA 2008B	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(5,700)	4/1/2036	Aa1/A+/AA	2
MA 2008C	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(5,700)	4/1/2036	Aa2/AA-/NR	2
MA 2008D	50,000	8/10/2006	3.765%	65% 3Mo LIBOR	(5,700)	4/1/2036	A1/A-/A+	2
Total	$235,875				$ (26,890)			

CR - Moody's, Standard and Poor's and Fitch, respectively.

NR - No rating for Fitch

Objective of the Swaps: The objective of the swaps is to hedge VTA's exposure to variable interest rate risk by synthetically fixing its fixed rate interest costs at rates anticipated to be less than what VTA otherwise would have paid in 2006 to issue fixed rate debt in the tax-exempt municipal bond market.

Hedge Effectiveness and Fair Value Hierarchy: The swaps were tested using regression analysis to ensure a high degree of correlation and were determined to be effective hedging derivative instruments and therefore were recorded as deferred outflows of resources in the assets section and as a derivative instrument liability in the liability section of the statement of net position. The fair values of the interest rate swaps were estimated using the zero-coupon method. As of June 30, 2023, the swaps had a negative fair value of $26.9 million. The fair values of the interest rate swaps were estimated using the zero-coupon method.

Hedging derivative instruments are classified as Level 2 and are valued using a discounted cash flow technique which calculates the future net settlement payment, assuming that current forward rates implied by the yield curve correctly anticipates future spot interest rates. The payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Credit Risks: Credit risk is the risk of non-payment by the issuer of an obligation such as a bond, other debt instrument, or non-payment by the counterparty to an interest rate swap. Even an increase in the risk of non-payment can adversely affect the value of such an instrument. VTA's Interest Rate Swap Policy seeks to limit credit exposure by requiring counterparties to initially have strong credit ratings of "AA" at the point the swap is entered into and also require collateral posting by the counterparty based on its credit ratings and market value of the swap. Currently the value of the swaps is negative, no counterparties are posting collateral, and VTA has no posted collateral on any of the four swaps.

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, 2023. When the swaps have a positive market value, VTA manages any credit risk associated with termination of swaps by requiring counterparties to post collateral based on the swap's fair value, less a threshold amount that ranges from zero to $25 million as determined based on the counterparty's credit ratings. The following table lists the threshold amounts that would be applicable:

Governmental Activities:

Swap	Counterparty Credit Rating as of 6/30/23 [CR]	Collateral Threshold	Credit Rating for Threshold of Zero
MA 2008A	Aa3/A+	10,000,000	A3/A-
MA 2008B	Aa1/A+	10,000,000	A3/A-
MA 2008C	Aa2/AA-	15,000,000	Baa1/BBB+
MA 2008D	A1/A-	5,000,000	Baa1/BBB+

[CR] Moody's and Standard and Poor's, respectively.

Collateral generally consists of cash, U.S. Government securities, and U.S. Agency securities, held by a third-party custodian. VTA has utilized four swap counterparties in order to limit the concentration of credit risk. Currently, VTA has interest rate swaps with four counterparties and no counterparty accounts for more than 36% of combined outstanding notional. VTA monitors counterparty credit risk on an ongoing basis.

Basis Risk: Is the risk that the variable rate payment received by VTA under the swaps does not closely match the variable interest rate paid by VTA to bondholders. The variable rate debt hedged by VTA's interest rate swaps are variable rate demand obligation (VRDO) bonds that are remarketed weekly for two of the Swaps and remarketed daily for the remaining two. VTA is exposed to basis risk because the variable rate receipts from the swaps are based on a rate or

index other than the interest rates VTA pays on the VRDO bonds. VTA is exposed to basis risk to the extent that variable interest rate payments paid to bondholders on the bonds are not precisely offset by the variable rate amounts received from the swap. On June 30, 2023, there was a slightly favorable basis variance of 1.07% for the swaps.
Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment, or in this instance the fair value of the interest rate swaps. The longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Changes in interest rates, up or down, will result in positive or negative changes, respectively, to the fair value of the interest rate swaps.

Rollover Risk: Rollover risk is the risk that a derivative instrument serving as a hedge has a shorter maturity than the underlying risk that is being hedged and therefore a portion of the term of the underlying risk may be unhedged or an additional hedge may need to be acquired at a future date, possibly under less favorable terms. As of June 30, 2023, VTA did not have any exposure to rollover risk.

Termination Risk: Is the risk that one or more interest rate swap agreements could be terminated unexpectedly. Under certain conditions, one or more swap agreements could be terminated and depending on current market interest rates, either VTA or the counterparty could be required to make a termination payment. VTA's swap agreements only permit the counterparty to terminate if an Event of Default or a Termination Event has occurred. Events of Default include non-payment, false or misleading representations, and the bankruptcy of VTA or the counterparty. Termination Events include, a downgrade of VTA's rating to below "BBB-minus," an event of taxability, or conversion of bonds to a fixed rate.

Tax Risk: Is the risk of increased interest cost to VTA from a reduction or loss of investors' ability to exclude bond interest from their Federal and possibly state income tax. Tax risk can result from either anticipated or actual changes to Federal or state income tax laws that would reduce or eliminate the current exemption of tax-exempt bond interest from taxable income.

Foreign Currency Risk: All of VTA's swaps are denominated in U.S. Dollars and therefore VTA is not exposed to foreign currency risk.

Commitments: Each of the swap agreements contain provisions that require collateral posting by VTA when the negative swap fair value exceeds a specified threshold. The amount of collateral posted is based on the fair value of the swap, less a threshold amount. The threshold amount is determined based on the unenhanced credit ratings of the bond being hedged. Based on the "AA/Aa2" or higher credit ratings assigned to the bonds the threshold for each swap is currently $20 million. If VTA's bond ratings were below "A or A2", the threshold amount would be zero and VTA would be required to post collateral based on the fair market value with no threshold adjustment. Collateral generally consists of cash, U.S. Government securities and U.S. Agency securities. As of June 30, 2023, VTA has no posted collateral.

Swap Payments and Associated Debt: The table below presents net swap payments using rates as of June 30, 2023, debt service requirements on VTA's four interest rate swaps and swap-related variable rate debt. As rates vary, variable rate bond interest payments and net swap payments will vary (dollars in thousands).

Governmental Activities:

Year Ending June 30,	Principal Total	Remarketing Interest Total	Interest Rate Swap-Net Total	Debt Service Total
2024	$ —	$ 1,392	$ 5,994	$ 7,386
2025	—	1,392	5,994	7,386
2026	—	1,392	5,994	7,386
2027	—	1,392	5,994	7,386
2028	—	1,392	5,994	7,386
2029 - 2033	55,700	6,876	29,615	92,191
2034 - 2036	180,175	1,886	8,123	190,184
	$ 235,875	$ 15,722	$ 67,708	$ 319,305

(e) Long-Term Debt Obligation Summary

The table below presents all long-term debt. Interest Rates on all outstanding fixed-rate obligations range from 0.79% - 5.88%. Interest on the variable rate debt is reset daily or weekly, depending on market conditions. Projected principal and interest obligations as of June 30, 2023, are as follows (in thousands):

Business-Type Activities:

	Principal	Interest	Total
Year ending June 30:			
2024	$ 17,805	$ 4,262	$ 22,067
2025	18,625	3,368	21,993
2026	19,510	2,433	21,943
2027	4,990	1,470	6,460
2028	5,265	1,215	6,480
2029-2033	8,980	3,897	12,877
2034-2038	10,912	1,258	12,171
	86,087	$ 17,903	$ 103,991
Unamortized bond premium	12,713		
Total debt	98,800		
Less current portion	(17,805)		
Long-term portion of debt	$ 80,995		

Governmental Activities:

	Principal	Interest	Total
Year ending June 30:			
2024	$ 38,180	$ 32,207	$ 70,387
2025	41,100	29,969	71,069
2026	43,645	27,614	71,259
2027	45,700	25,180	70,880
2028	47,690	22,752	70,442
2029-2033	275,375	73,030	348,405
2034-2036	201,530	12,800	214,330
	693,220	$ 223,552	$ 916,772
Unamortized bond premium	3,450		
Total debt	696,670		
Less current portion	(38,180)		
Long-term portion of debt	$ 658,490		

(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

Business-type Activities:

The amount of pledged revenue recognized during fiscal year 2023 available to fund principal and interest requirements for the debt secured by 1976 Half-Cent Sales Tax was $275.3 million and debt service was $19.3 million. As a result, the debt service coverage ratio was 14.3 in FY 2023. The Express Lane debt of $23.18 million is secured by toll revenues.

Changes in long-term liability of VTA's Business-Type Activities are as follows:

(Dollars in thousands)	July 1, 2022	Additions	Reductions	June 30, 2023	Amounts Due Within One Year
Sales Tax Revenue Bonds					
Secured by 1976 1/2 Cent Sales Tax					
2017 Series B	$ 17,550	$ —	$ 2,410	$ 15,140	$ 2,520
2018 Series A	62,270	—	14,500	47,770	15,190
Silicon Valley Express Lanes State Route 237 Loan	23,247	—	70	23,177	95
Plus (less) premium/discounts	15,215	—	2,502	12,713	—
Outstanding Debt, Net	118,282	—	19,482	98,800	17,805
Claims Liability:					
General Liability	18,891	11,488	12,400	17,979	2,642
Worker's Compensation	28,144	12,945	10,594	30,495	3,684
Compensated Absences	40,997	6,436	5,743	41,690	13,248
Lease Liability	2,292	—	385	1,907	166
Total Long-Term Liabilities	$ 208,606	$ 30,869	$ 48,604	$ 190,871	$ 37,545

Governmental Activities:

The amount of pledged revenue recognized during fiscal year 2023 available to fund principal and interest requirements for the debt secured by 2000 Measure A Half-Cent Sales Tax was $275.3 million and debt service was $67.4 million. As a result, the debt service coverage ratio was 4.1 in FY 2023.

Changes in long-term liability of VTA's Governmental Activities are as follows:

(Dollars in thousands)	July 1, 2022	Additions	Reductions	June 30, 2023	Amounts Due Within One Year
Sales Tax Revenue Bonds Secured					
by 2000 Measure A 1/2 Cent Sales Tax					
2008 Series A-D	$ 235,875	$ —	$ —	$ 235,875	$ —
2010 Series A-B	407,995	—	32,720	375,275	34,250
2015 Series A-B	16,135	—	3,740	12,395	3,930
2020 Series A	69,675	—	—	69,675	—
Plus (less) premium/discounts	4,406	—	956	3,450	—
Outstanding Debt, Net	734,086	—	37,416	696,670	38,180
Derivative Instruments Liability	40,835	—	13,947	26,890	—
Total Long-Term Liabilities	$ 774,921	$ —	$ 51,363	$ 723,560	$ 38,180

VTA’s Transit Fund reported a deferred amount on refunding in the amount of $0.3 million related to the 2017 bonds and $2.6 million related to the 2018 bond as deferred outflows of resources. The 2000 Measure A Fund, under the Governmental Activities, reported deferred amounts on bond refunding related to the 2015 bond of $0.6 million and $2.1 million to the 2020 bond as deferred outflows of resources as well as $2.5 million to the 2008 bonds as deferred inflows of resources.

NOTE 8 – SALES TAX REVENUES

(a) 1976 and 2000 Sales Tax Measures

Sales tax revenue represents sales tax receipts from the California Department of Tax and Fee Administration, which under voter-approved 1976 and 2000 Sales Tax Measures, collects a half-cent for each taxable sales dollar spent in the County of Santa Clara. These amounts are available to fund both operations and capital expenses except that portion which is to be used to repay long-term debt as described in Note 7. The 1976 and 2000 Measure A sales tax revenue amounted to $275.3 million individually in FY 2023

(b) 2008 Measure B

In November 2008, county residents passed a 1/8-cent sales tax to fund the operating and maintenance costs of the BART Extension. BART Operating Sales Tax revenue recognized during FY 2023 is $67.2 million.

(c) 2016 Measure B

In November 2016, county residents passed a 1/2-cent sales tax to fund activities on enhancing transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets). FY 2023 recognized $273.0 million sales tax revenue.

NOTE 9 – VTA PROGRAMS FUNDED THROUGH LOCAL SALES TAX MEASURES

(a) 2000 Measure A Program

The Measure A Program is responsible for a number of key capital transit projects. Measure A’s significant effort involves the VTA’s Bay Area Rapid Transit (BART) Silicon Valley Project which is the extension of the existing BART system to San Jose. Other projects include spending for the commuter rail service (“Caltrain”) and VTA’s light rail system; extending VTA’s light rail system from downtown San Jose to the East Valley portion of Santa Clara County (“DTEV Extension”), purchasing low floor light rail vehicles to better serve the disabled, senior, and other segments of the ridership, improving Caltrain by extending the system’s double track to Gilroy and providing funds to electrify the system; upgrading Altamont Corridor Express Services (ACE) and connecting Caltrain with the Dumbarton Rail Corridor (serving Alameda and San Mateo County).

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

In December 2022, the Federal Transit Administration (FTA) notified VTA that the BSV Phase II Project was approved to re-enter the Federal Capital Investment Grants New Starts Funding program. The FTA's action also approves past eligible expenses for potential grant reimbursement back to March 2016, as well as all remaining work on the project, for up to 50% of the estimated total project cost of up to $9.3 billion. The project will be funded by 2000 Measure A and 2016 Measure B sales taxes, along with federal, state, and regional funds. Revenue service for the project is anticipated to occur in 2033.

Measure A funds are also used to extend VTAs light rail to East Valley, specifically from Alum Rock station to Eastridge Transit Center. Phase I included pedestrian and bus improvements along Capitol Expressway from Capitol Avenue to Quimby Road (completed in early 2013) and reconstruction of the Eastridge Transit Center (completed in early 2015). Phase II (Eastridge to BART Regional Connector) will extend light rail to the Eastridge Transit Center. VTA board approved the environmental documents in June 2019 and March 2021. Completion of construction and securing Metropolitan Transportation Commission's Regional Measure 3 funding are anticipated in 2023. Other potential grants are actively being pursued.

(b) 2008 Measure B

In 2008, the voters passed Measure B providing funds that are dedicated to the operation, maintenance, improvement, and future capital needs of the 16.1 mile VTA's BART Silicon Valley Project extension. The Board of Directors approved a retail transaction and use tax ordinance which imposes a tax for the privilege of selling tangible personal property upon a retailer in Santa Clara County, at the rate of one-eighth of one percent on the gross receipts of the retailer. Collection of the tax took effect on July 1, 2012, for a period not to exceed 30 years.

(c) 2016 Measure B

The 2016 Measure B was passed to enhance transit, highways, expressways and active transportation (bicycles, pedestrians and complete streets). The transportation programs funded by 2016 Measure B are: (1) VTA's BART Silicon Valley Phase 2; (2) Bicycle/Pedestrian Program; (3) Caltrain Corridor Capacity Improvements; (4) Caltrain Grade Separation; (5) County Expressways; (6) Highway Interchanges; (7) Local Streets and Roads; (8) State Route

85 Corridor, and (9) Transit Operations.

NOTE 10 – FEDERAL, STATE, AND LOCAL ASSISTANCE

VTA is dependent upon the receipt of funds from several sources to meet its operating, maintenance, and capital requirements. The receipt of such revenues is controlled by federal, state, and local laws, the provisions of various grant contracts and regulatory approvals and, in some instances, is dependent on the availability of grant funds and the availability of local matching funds. A summary of the various governmental funding sources is as follows:

(a) Federal Grants

Federal grants are approved principally by the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA). Federal grants for the year ended June 30, 2023, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating Grants:		
FTA Section 9 (49 USC 5307)	$ 1,191	$ —
Section 5311	380	—
Mobility	26	—
Federal Technical Studies	—	3,165
Pass-through Operating Grants	—	482
Total Operating Grants	1,597	3,647
Capital Grants:		
FTA New Starts FFGA	—	1,064
FTA Section 5307, 5309, 5337	15,048	—
Pass-through Capital Grants	(288)	—
Total Capital Grants	14,760	1,064
Total operating & capital grants	$ 16,357	$ 4,711

FTA Section 5307 operating grants represent ADA Operating Set Aside funds that will be used for Paratransit activities. Paratransit service is a specialized form of transportation operated for persons with disabilities who cannot use fixed route public transit service. As an operator of bus and light rail service, VTA is required under the Americans with Disabilities Act to ensure that paratransit service is provided to eligible individuals with disabilities within Santa Clara County.

FTA Section 5307 capital grants make federal resources available to urbanized areas and to Governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. FTA Section 5309 is a discretionary capital grant program. This provides funding for major transit capital improvements, including heavy rail, commuter rail, light rail, streetcars, and bus rapid transit. The State of Good Repairs Grants under FTA Section 5337 provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in a state of good repair.

(b) State and Local Grants and Assistance

State and local grants for the year ended June 30, 2023, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating grants:		
Transportation Development Act	$ 127,829	$ —
State Transit Assistance	43,387	—
Apprenticeship Program	—	—
State Operating Assistance Grants	4.312	374
AB 434	1,377	—
Congestion Management & Highway Program-State Grants	—	17,422
SB83	—	18,693
BAAQMD	—	2,362
Congestion Management & Highway Program-2000 Measure A Swap Program	—	1,320
Other Local Grants:		
2016 Measure B	—	24,654
Santa Clara County (Fund Swap Program)	—	10,699
Various cities, counties and others	—	2,540
Total operating grants	176,904	78,064
Capital grants:		
PTMISEA	457	—
Proposition 1B Fund	—	6,799
Metropolitan Transportation Commission	2,914	—
SB1	538	—
California Energy Commission	228	—
Various cities, counties and others	956	58,722
Total Capital Grants	5,093	65,522
Total State and Local Grants	$ 181,997	$ 143,586

The Transportation Development Act (TDA) funds represent VTA's share of the 0.25% sales tax collected in the County. The revenue for FY 2023 includes recognition of a liability due to a possible attrition of sales tax from online sales of a major business. This is pending resolution from the state claim that tax distributions to the County of Santa Clara were made in error.

State Transit Assistance (STA) represents funds received pursuant to the STA Program, whereby, a portion of diesel fuel sales tax revenues is appropriated by the State Legislature to the State Transportation Planning and Development Account for certain transit and energy-related purposes. STA funds are allocated throughout the state on the basis of population and operating qualified revenues.

State Operating Assistance reflects Senate Bill 129 funding for worker support and facility improvements. Total State and Local Grants under the special revenue funds were $143.6 million. Other revenues include the Congestion Management and Highway Program (CMHP) that primarily consists of funding from the Road Repair and Accountability Act of 2017, or Senate Bill 1 (SB1), and Senate Bill 3 (SB3). SB1 provided sources of funding for transportation purposes, including for the state highway system and local street and road system. SB1 was also a funding source to the 2000 Measure A Program fund. SB83 provided funding for repair and new construction projects on state highways and freeways, as well as local streets and roads.

Other local grant revenues are mainly derived 2016 Measure B for the SR237 Express Lanes Phase 2 project as well as funding from the City of San Jose. 2016 Measure B enhances transit, highways, expressways and active transportation projects (bicycles, pedestrians and complete streets).

There are projects within the Congestion Management and Highway Program that avail of 2000 Measure A swap funds. This represents a swap of 2000 Measure A Sales Tax Revenues for grant funding from the State Transportation Improvement Program (STIP). The 2000 Measure A Swap program was established to fund a number of highway projects.

The Public Transportation Modernization Improvement and Service Enhancement Act (PTMISEA) Grant is part of a comprehensive voter-approved bond investment package designed to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion, and providing alternative mobility and access choices for Californians. The projects approved by the Department of Transportation included building pedestrian over crossings, updating ticket vending machines, constructing bus rapid transit, substation rehabilitation, and procurement of vehicles and equipment. PTMISEA activities are presented in the following table (in thousands):

Received in prior years	$	210,233
Interest earned in prior years		6,956
Spent in prior year		(216,742)
Beginning unspent grant amounts		447
Spent in current year		(456)
Interest earned in current year		9
Total proceeds available plus interest earned	$	—

State of Good Repair funds were passed through the Metropolitan Transportation Commission. This grant funds transit infrastructure repair and service improvements. This fund is made available to eligible transit maintenance, rehabilitation and capital projects.

Various cities, counties, and other agencies mainly include funding received from the City of San Jose, City of Cupertino, City of Milpitas, Santa Clara Valley Water District, and the County of Santa Clara. Contributions made provided funding to light rail projects and Silicon Valley Rapid Transit Corridor for project enhancements.

NOTE 11 – SANTA CLARA VALLEY TRANSPORTATION AUTHORITY AMALGAMATED TRANSIT UNION (ATU) PENSION PLAN

(a) Plan Description and Benefits Provided

All ATU represented employees are covered by the Plan, which is a single-employer defined benefit pension plan. The Plan provides retirement, disability, and death benefits based on the employees' years of service, age, and final compensation.

<u>Classic Employees</u>

Employees with age of 55 or older, and have at least 15 year of eligibility service, are entitled to full annual pension benefits. Employees with less than 10 years but more than 5 years of eligibility service are entitled to an annual benefit at age 65 provided the Board of Pensions approves such benefit. The Plan permits early retirement if an employee becomes disabled after 10 or more years of eligibility service and deferred vested retirement upon employee termination after 10 or more years of eligibility service, with benefits payable at age 65. Employees may elect to receive their benefits in the form of a joint or survivor annuity, excluding deferred vested and disability retirements. These benefit provisions and all other requirements are established by California statute and the labor agreement with the ATU Local 265. Employees contribute 3.40% effective 9/09/2019.

<u>PEPRA (New) Employees</u>

Plan benefit provisions and all other requirements are established by VTA's board but are subject to the California Public Employees' Pension Reform Act of 2013 (PEPRA). Plan amendments were approved by the VTA Board at its October 6, 2016 meeting. Employees hired on or after January 1, 2016 contribute at least 50%, rounded to the nearest quarter of one percent, of the normal cost rate for the Plan for all active Plan Members, as determined by the Plan's actuary. Employees contribute 6.0% effective 6/18/2018.

Separately issued audited GAAP basis financial statements of the Plan are available and can be obtained from Santa Clara Valley Transportation Authority, Finance and Budget, 3331 North First Street, Building C-2, San Jose, California 95134-1927.

The membership of the Plan as of June 30, 2023, is as follows:

Membership Status	
Retirees and beneficiaries currently receiving benefits	1,623
Terminated vested members not yet receiving benefits	111
Active Members	1,565
Total	3,299

(b) Basis of Accounting

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

Contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits (distributions to participants) and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan.

(c) Contribution Requirements

For FY 2023, the actuarially-determined contribution was $32.63 million. As the Plan elected to use June 30, 2023 as its measurement date, employer contributions for FY 2023 will have an impact on the changes in the Plan’s Net Position as of the end of the reporting year. The contribution requirements are based on actuarially determined amount and approved by the Board. The aggregate is the estimated sum necessary to finance the cost of the benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability.

(d) Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized in the current fiscal year over the measurement period (in thousands).

	Increase/(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022	$ 857,533	$ 622,387	$ 235,146
Changes:			
Service cost	20,168	—	20,168
Interest (includes interest on service cost)	56,331	—	56,331
Changes of benefits	5,061		5,061
Differences between expected and actual experience	10,984	—	10,984
Changes of assumptions	(1,805)	—	(1,805)
Contributions - Employer	—	32,632	(32,632)
Contributions - Member	—	6,145	(6,145)
Net investment income	—	41,908	(41,908)
Benefit Payments, including Refunds of Employee Contributions	(54,279)	(54,279)	—
Administrative expense	—	(431)	431
Net changes	36,460	25,975	10,485
Balance at June 30, 2023	$ 893,993	$ 648,362	$ 245,631

(e) Sensitivity of the Net Pension Liability to Change in Discount Rate

The table below shows the sensitivity of the Net Pension Liability to the discount rate. A one percent decrease in the discount rate increases the Net Pension Liability by approximately 40%. A one percent increase in the discount rate decreases the Net Pension Liability by 34%.

	Discount rate -1% 5.7%	Discount rate 6.7% (in thousands)	Discount rate + 1% 7.7%
Net Pension Liability	$344,754	$245,631	$161,816

(f) Actuarial Assumptions

The Total Pension Liability (TPL) at the beginning of the measurement year is measured as of a valuation date of January 1, 2022, and projected forward to the beginning of the measurement year of June 30, 2022. The TPL at the end of the measurement year, June 30, 2023, is measured as of a valuation date of January 1, 2023, and projected forward to June 30, 2023.

A summary of key assumptions is as follows:

Actuarial cost method:	Entry Age Normal Cost Method
Inflation:	2.50%
Salary increases:	2.75% plus merit component
COLA increases:	0.00%
Investment rate of return:	6.75%
Mortality:	Sex distinct RP-2014 Adjusted to 2006 Health Employee and Annuitant Blue Collar mortality tables with generational improvements using Scale MP-2021

(g) Discount Rate

The discount rate used to measure the Total Pension Liability was 6.7%. The projection of cash flows used to determine the discount rate assumed that VTA will continue to contribute to the Plan based on an actuarially determined contribution, reflecting a payment equal to the employer's share of the annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded pension liability at a level dollar amount over an open (rolling) 20-year period.

The long-term expected return was based on 30-year asset class geometric return and correlation assumptions. These assumptions were based on forward looking building block analysis and historical data for each of the asset classes.

Based on these assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members until at least FYE 2084 when only a portion of the projected benefit payments are expected to be made from the projected Fiduciary Net Position. Projected benefit payments are discounted at the long-term expected return on assets of 6.75% to the extent the Fiduciary Net Position is available to make the payments and the municipal bond rate of 3.65%, based on the Bond Buyer 20-Bond GO Index as of June 29, 2023, to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2023 is 6.7%, which is the same as the single equivalent rate used to determine the Total Pension Liability as of June 30, 2022.

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

Asset Class	Target Allocation	Expected Real Rate of Return [1]
Domestic Equity	30%	4.0%
International Equity	13%	3.8%
Emerging Markets Equity	5%	6.7%
Private Equity	4%	7.5%
Diversified Real Assets	5%	3.6%
Private Credit	9%	6.4%
Domestic Fixed Income	14%	2.0%
Treasuries	3%	1.4%
Absolute Return FoF	6%	3.8%
Real Estate	10%	3.1%
Cash	1%	0.7%
	100%	

[1]30-Year Inflation Assumption = 2.7%

(h) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2023, the plan's fiduciary net position amounts to $648.4 million.

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

For the measurement period ending June 30, 2023, VTA incurred pension expense of $52 million and as of June 30, 2023, VTA's deferred outflows of resources and deferred inflows of resources related to the ATU pension are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,660	$ 2,074
Changes in assumptions	7,514	1,972
Net difference between projected and actual earnings on pension plan investments	25,472	—
Total	$ 43,646	$ 4,046

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2024	$ 13,725
2025	1,115
2026	22,785
2027	1,975
2028	—
Thereafter	—
	$ 39,600

(j) Summary of Pension-related accounts

The following table breaks down the pension-related accounts. Since these accounts are common to both ATU pension and the CalPERS pension (Note 12), only the totals show in the financial statements.

	ATU	CalPERS	Total
Deferred Outflows of Resources	$ 43,646	$ 52,850	$ 96,496
Deferred Inflows of Resources	4,046	1,501	5,547
Net Pension Liability	245,631	159,842	405,473
Pension Expense	52,435	22,931	75,366

NOTE 12 – PUBLIC EMPLOYEES' RETIREMENT PLAN

(a) Plan Description and Benefits Provided

CalPERS is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within California. CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 for Classic Members or age 52 for New Members with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service credit. The death benefit is one of the following: The Basic Death Benefit or the 1957 Survivor Benefit. These benefit provisions and all other requirements are established by state statute and VTA resolutions. VTA contracts with CalPERS to administer these benefits. The normal retirement benefit is equal to 2% of final compensation for each year of credited services.

VTA membership in the Plan as of June 30, 2021, the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	797
Terminated and vested members not yet receiving benefits	362
Active members	622
Total	1,781

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

(b) Basis of Accounting

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

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

(c) Contribution Requirements

Active members in VTA's CalPERS Plan pay a portion or all (depending on hire date) of the employee contribution to the CalPERS Plan. Classic employees hired prior to January 2012 pay 6% toward the required employee share and VTA pays the remaining portion of the employee contribution. Classic employees hired in or after the first full pay period in January 2012 pay the employee contribution of 7%. New employees designated as PEPRA (Public Employees' Pension Reform Act) contribute 7.25% for FY 2023 as determined by CalPERS.

The employer's contribution rate from July 1, 2022, through June 30, 2023, was 9.69%. This represents employer normal cost rate and does not include amortization of unfunded liability. The employee contribution requirements of the CalPERS Plan are established by state statute and the employer contribution is established and may be amended by CalPERS.

The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. For FY 2023, VTA contributed $19.51 million, which is equal to the actuarially-determined contributions. The required contribution for FY 2023 was based on the actuarial valuation report as of June 30, 2020 using the entry age normal cost method with the contributions determined as a percent of pay. VTA's annual pension contribution of $19.51 million in FY 2023 was deferred as VTA opted for June 30, 2022, to be its measurement date.

(d) Net Pension Liability

The net pension liability was measured using an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The following table shows the changes in net pension liability recognized in the current fiscal year over the measurement period (in thousands).

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022	$ 535,181	$ 453,380	$ 81,801
Changes:			
Service cost	12,470	—	12,470
Interest on the Total Pension Liability	37,451	—	37,451
Changes of Assumptions	16,935	—	16,935
Differences between Expected and Actual Experience	(2,102)	—	(2,102)
Contributions from the Employer	—	16,753	(16,753)
Contributions from Employees	—	4,271	(4,271)
Net investment income	—	(34,029)	34,029
Benefit Payments, including Refunds of Employee Contributions	(26,963)	(26,963)	—
Administrative Expense	—	(282)	282
Net changes	37,791	(40,250)	78,041
Balance at June 30, 2023	$ 572,972	$ 413,130	$ 159,842

(e) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability (in thousands) would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate (in thousands):

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Net Pension Liability	$234,240	$159,842	$98,060

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

For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. Total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Post retirement benefit increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.5% thereafter
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

(g) Discount Rate

The discount rate used to measure the total pension liability was 6.90%. CalPERS concluded, based on the results of the stress test, that the current 6.90% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fun cash flows. Projected returns of asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities are informed by the long-term projected portfolio return.

The following table reflects long-term expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return[1]
Global Equity Cap-Weighted	30.00 %	4.54 %
Global Equity Non-Cap-weighted	12.00 %	3.84 %
Private Equity	13.00 %	7.28 %
Treasury	5.00 %	0.27 %
Mortgage-backed Securities	5.00 %	0.50 %
Investment Grade Corporates	10.00 %	1.56 %
High Yield	5.00 %	2.27 %
Emerging Market Debt	5.00 %	2.48 %
Private Debt	5.00 %	3.57 %
Real Assets	15.00 %	3.21 %
Leverage	(5.00)%	0.59 %

[1]An expected inflation of 2.3% used for this period

(h) Pension Plan's Fiduciary Net Position

The plan's fiduciary net position as of June 30, 2022 is $413.1 million. Detailed information about each plan's fiduciary net position is available in separately issued CalPERS financial reports.

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

For the year ended June 30, 2023, VTA incurred a pension expense of $22.9 million for the Plan. As of June 30, 2023, VTA's deferred inflows and outflows of resources related to the CalPERS pension plan are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experiences	$ 359	$ 1,501
Changes of Assumptions	12,097	—
Net Difference between Projected and Actual Earnings on Pension Plan Investments	20,887	—
Pension Contributions subsequent to measurement date	19,507	—
Total	$ 52,850	$ 1,501

Deferred outflows of resources resulting from contributions, made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Amounts reported as deferred inflows of resources related to differences in projected and actual investment savings will be recognized in future pension expense over 5 years using the straight-line method. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period. These will be recognized in pension expense as follows (in thousands):

Fiscal Year	Deferred Outflows/(Inflows) of Resources
2024	$ 7,856
2025	7,339
2026	3,632
2027	13,015
	$ 31,842

(j) Summary of Pension-related accounts

A summary table of Net Pension Liability, Deferred outflows/inflows, and Pension Expense for ATU Pension and CalPERS is provided in Note 11(j).

NOTE 13 – SANTA CLARA VALLEY TRANSPORTATION AUTHORITY OTHER POST EMPLOYMENT BENEFITS (OPEB) TRUST

(a) Plan Description and Benefits Provided

VTA offers post-employment benefits to its employees through the Santa Clara Valley Transportation Authority Other Post Employment Benefit (OPEB) Trust (Plan), a single employer defined benefit health plan funded and administered by VTA.

Employees who retire directly from VTA are eligible for retiree health benefits if they meet certain requirements related to age and service. For ATU retirees, VTA provides an ATU Retiree Health Care Program (the ATU Program), a post-employment benefit, in accordance with the agreement between VTA and the ATU, to all Classic ATU represented employees who retire from VTA on or after attaining the age of 55 with at least 15 years of eligibility service, or age 65 with 10 years of eligibility service, or upon Board of Pensions' approval age 65 with 5 years of eligibility service, or if an employee becomes disabled and has completed at least 10 years of eligibility service and to all New ATU represented employees who retire from VTA under PEPRA and its mandated provisions. ATU retirees can select from retiree health plans offered under the CalPERS program. For ATU retirees living in California: VTA contributes up to $100 per month above the Kaiser Region 1 Single Party rate for CalPERS medical plans, regardless of Medicare status. ATU retirees pay the excess above the VTA contribution of up to $100 per month above the Kaiser Region 1 Single Party rate. For ATU retirees living outside of California: VTA contributes up to $100 per month above the Kaiser Out of State Single Party rate for CalPERS medical plans, regardless of Medicare status. ATU retirees pay the excess above the VTA contribution of up to $100 per month above the Kaiser Out of State Single Party rate. ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium, excluding penalties/late enrollment fees.

For surviving spouses of ATU retirees: VTA pays the Public Employees' Medical & Hospital Care Act (PEMHCA) minimum employer premium contribution of $151 per month in 2023.

Non-ATU employees who retire directly from VTA on or after attaining the age of 50 years (Classic members) or 52 years (New members) with at least 5 years of CalPERS service are also covered under a Retiree Health Care Program (the administrative retiree program). Non-ATU retirees can select from retiree health plans offered under the CalPERS program.

For Non-ATU retirees living in California, VTA will contribute up to the Kaiser Region 1 Employee Only rate. Non-ATU retirees pay any premium in excess of the CalPERS Kaiser Region 1 Employee Only rate.

For Non-ATU retirees living outside of California: VTA will contribute up to the Kaiser Out of State Single Party rate. Non-ATU retirees pay any premium in excess of the CalPERS Kaiser Out of State Single Party rate.

Non-ATU retirees who are eligible for Medicare are reimbursed for the Medicare Part B premium, excluding penalties/late enrollment fees.

For surviving spouses of non-ATU retirees who elect a pension option with survivor benefits, VTA will contribute the same amount as it contributes for non-ATU retirees.

VTA also provides life insurance benefits for all ATU retirees and Executive Management retirees. ATU retirees who retired prior to January 1, 2010, receive $5,000 in life insurance coverage and those who retired on or after January 1, 2010, receive $7,000 in life insurance coverage. Executive Management retirees receive $50,000 in life insurance coverage for the first year of retirement, decreasing by $10,000 each year until its expiration in the sixth year.

Benefit allowance provisions are established through agreements and memorandums of understanding (MOU) between VTA and unions representing its employees.

As of June 30, 2023, the number of retirees and active employees who met the eligibility requirements for the ATU Program and non-ATU are as follows:

OPEB Eligible	ATU	Non-ATU	Total
Retirees	1,305	702	2,007
Active (Vested)	1,551	675	2,226

(b) Basis of Accounting

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

Contributions are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits (distributions to participants) and refunds of prior contributions are recognized when due and payable in accordance with the terms of the Plan.

(c) Contribution Requirements

VTA's contributions to the Plan are based on Actuarially Determined Contribution (ADC) as determined by an actuarial valuation study.

As of June 30, 2023, the Plan's net position of $368.4 million was available to cover costs of the ATU and Non-ATU Programs. The $6.4 million contribution in FY 23 is entirely cash contribution.

(d) Changes in Net OPEB Asset

The Net OPEB Asset was $85.4 million as of June 30, 2023. The following table shows the changes in Net OPEB Asset recognized over the measurement period (in thousands).

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (c) = (a) - (b)
Balance at June 30, 2022	$ 271,547	$ 353,554	$ (82,007)
Changes:			
Service cost	8,895	—	8,895
Interest (includes interest on service cost)	17,072	—	17,072
Contributions -Employer	—	6,398	(6,398)
Benefit Payments	(14,577)	(14,577)	—
Non-Benefit Related Admin Expenses from Plan Trusts	—	(20)	20
Net Investment Income	—	23,001	(23,001)
Net changes	11,390	14,802	(3,412)
Balance at June 30, 2023	$ 282,937	$ 368,356	$ (85,419)

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

The following presents the Net OPEB Asset as calculated using the discount rate of 6.25% as well as what the Net OPEB Asset would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%), in thousands.

	1% Decrease 5.25%	Current Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Asset	$ 50,932	$ 85,419	$ 114,268

(f) *Health Care Trend rates*

The following presents the Net OPEB Asset as calculated using the current blended trend rates of 6.55% for Non-Medicare; 5.65% for Medicare (Non-Kaiser); and 4.65% for Medicare (Kaiser).

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Asset	$120,784	$85,419	$42,167

(g) *Actuarial Methods and Assumptions*

A summary of principal assumptions and methods used by the actuaries to determine VTA's annual required contributions to the Plan is as follows:

Description		Methods/Assumptions
Valuation date		January 1, 2022
Actuarial cost method		Entry Age Normal Cost Method
Actuarial assumptions:	Discount rate	6.25%
	Inflation	2.5%
	Mortality	Rates for ATU participants are adopted from the study of experience over the five years ending in December 31, 2016. In particular, rates of mortality for ATU members and their spouses are based on a Scale MP-2021 generational projection of the respective RP-2014 Blue Collar tables, adjusted back to 2006. Rates for Administrative participants are from the CalPERS study of non-industrial Miscellaneous employer experience over the twenty years ending June 30, 2019.
	Trend Rates	Non-Medicare (HMO) - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Non-Medicare (PPO) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

(h) *Discount Rate*

The discount rate used to measure the Total OPEB Liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be equal to the actuarially determined contributions for the applicable fiscal years. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Asset Class	Target Allocation	Expected Real Rate of Return
Domestic Equity	28%	4.00%
International Equity	12%	3.80%
Emerging Markets Equity	5%	6.70%
Private Core Real Estate	10%	3.10%
Diversified Real Assets	7%	3.60%
Domestic Fixed Income	14%	2.00%
U.S. Treasuries	3%	1.40%
Private Credit	12%	6.40%
Absolute Return FoF	8%	3.80%
Cash	1%	0.70%
	100%	

(i) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2023, the Plan's Fiduciary Net Position amounts to $368.4 million. Detailed information about the OPEB Plan's fiduciary position is available in a separate financial report on VTA's website.

(j) OPEB Expense, Deferred Inflows or Outflows of Resources

For the year ended June 30, 2023, the Plan incurred OPEB expense of $5.6 million and VTA's deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2023 are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 9,260	$ 164
Difference between expected and actual experience	—	17,468
Difference between expected and actual investment earnings	15,720	—
Total	$ 24,980	$ 17,632

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2024	$ 967
2025	(1,465)
2026	9,453
2027	(1,607)
2028	—
	$ 7,348

NOTE 14 – ATU SPOUSAL MEDICAL AND VISION/DENTAL FUND

VTA administers the ATU Spousal Medical and Retiree Vision and Dental Fund. Both are considered to be employee-funded defined contribution plans. As of June 30, 2023, VTA had net position of approximately $26.4 million for the ATU Spousal Medical Fund and $18.3 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, 2023, there were 464 participating spouses who were eligible for benefits from the Spousal Medical Fund. FY 2023 contributions and investment gains for the fiscal year were approximately $1.5 million and $3.4 million respectively, while benefit payments made by the Fund were approximately $1.5 million.

The Retiree Vision and Dental Fund is a vision and dental benefit for eligible pensioners. Effective 1999 and pursuant to a collective bargaining agreement, ATU represented employees are required to contribute $0.10 per hour. As of June 30, 2023, there were 1166 eligible participants. Contributions and investment gains for the fiscal year were approximately $368 thousand and $2.1 million respectively, while benefit payments made by the Fund were approximately $350 thousand.

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

NOTE 15 – INTERNAL SERVICE FUND

As of June 30, 2023, the assets and liabilities by individual components of the Internal Service Fund by program are as follows (in thousands):

	Workers' Compensation	General Liability	Compensated Absence	Total
Assets	$ 30,495	$ 17,978	$ 42,352	$ 90,825
Liabilities	30,495	17,978	41,690	90,163
Net Position	$ —	$ —	$ 662	$ 662

Workers' Compensation and General Liability

VTA contracts with third-party administrators to process claims for both workers' compensation and general liability programs. VTA's annual contribution to general liability program is based upon quarterly internal reviews of frequency and severity claims experience. Workers' compensation contributions occur each pay period. Internally, the workers' compensation reserves are reviewed quarterly to ensure it is appropriate given the claims history. In addition, both reserves are evaluated and reconciled based on year-end actuarial valuations.

Actuarial Information

An actuarial analysis as of June 30, 2023 disclosed that the present values of estimated outstanding losses, at 2% average discount rate using a 60% confidence level, are $30.5 million and $18.0 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, 2022, and June 30, 2023, are as follows (in thousands):

	Workers' Compensation	General Liability
Unpaid claims at June 30, 2021	$ 30,536	$ 9,774
Provision for claims and claims adjustment expense	7,262	3,384
Changes in estimates for provision for future claims	(119)	9,789
Payment for claims and other adjustments	(9,535)	(4,056)
Unpaid claims at June 30, 2022	28,144	18,891
Provision for claims and claims adjustment expense	7,337	3,287
Changes in estimates for provision for future claims	5,608	8,201
Payment for claims and other adjustments	(10,594)	(12,400)
Unpaid claims at June 30, 2023	$ 30,495	$ 17,979

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, 2023, the outstanding balance of compensated absences liability is $41.7 million.

NOTE 16 – CLAIMS, COMMITMENTS, AND CONTINGENCIES

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

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

(a) Third party bodily injury including death, personal injury and property damage liability claims up to $10 million per occurrence.
(b) Workers' Compensation claims through self-insurance.
(c) Public Officials and Employment Practices Liability claims up to $2.5 million per occurrence.
(d) First party property damage with various deductibles ranging from $250,000 to $750,000 for rail cars and equipment, buses, and real property.

For General Liability, VTA is self-insured for $10 million per occurrence. Excess Liability insurance is purchased from several insurers through VTA's insurance broker up to $90 million per occurrence and in the aggregate. The program consists of a $10 million, self-insured layer, a $15 million primary layer and an excess layer of $75 million.

VTA purchases Public Officials Liability & Employment Practices Liability Insurance with an annual aggregate of $2 million per occurrence in excess of a $2.5 million self-insured retention.

VTA purchases first party Property Insurance for loss or damage to its property arising out of various risk perils (excluding earthquake), and damage from bus and rail transit collisions, overturn or derailment. Coverage provides stated value/replacement cost per occurrence with various deductibles not exceeding $750,000.

The following is a summary of VTA's self-retention and excess coverages from commercial carriers:

Type of Coverage	**Self-Retention**	**Excess Coverage**
Workers' Compensation	Self-Insured	None
General Liability	$10,000,000	$90,000,000
Property, Boiler & Machinery	250,000	160,000,000
Terrorism	10,000	160,000,000
Flood	5,000	500,000
Light Rail Vehicles	750,000	100,000,000
Light Rail Spare Parts	25,000	Stated Value
Buses	500,000	50,000,000
Bus Spare Parts	25,000	Stated Value
Non-Revenue Trucks & Equipment	25,000	50,000,000
Express Lane Toll Road Equipment & Signs	25,000	50,000,000
Public Officials/Employment Practices	2,500,000	2,000,000
Crime	25,000	3,000,000
Premises Pollution Liability	100,000	5,000,000
Storage Tank Liability	25,000	2,000,000
Cyber Risk	250,000	2,000,000
Blanket Railroad Protective Liability	—	5,000,000

NOTE 17 – LITIGATION

Skanska Shimmick Herzog, Joint Venture ("SSH") v. VTA, et al.

SSH, VTA's design-build contractor for the line, track stations, and systems of VTA's BART Silicon Valley Berryessa Extension filed suit against VTA seeking unspecified damages and alleging breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of California's prompt payment statutes. VTA asserted various defenses and has cross-complained against SSH alleging breach of contract, breach of the implied covenant of good faith and fair dealing, and negligence. SSH's contractor, Aldridge/Rosendin JV, and its lower-tier subcontractor, HSQ Technology, were also parties to the action and cross-actions. The parties signed a settlement agreement in July 2023 and VTA received funds pursuant to that agreement in the following fiscal year.

Topete, Maria v. SCVTA

As a VTA bus was in the process of pulling out from a bus stop, an unknown vehicle turned in front of the bus into a driveway, causing the operator to abruptly apply the brake. Plaintiff alleges the operator did not turn on his left turn signal prior to leaving the bus stop and ignored the other driver's right turn signal. As a result, Plaintiff, a 70-year-old female bus passenger who had just boarded the bus and was walking towards a seat, fell backward onto the floor of the bus, striking the back of her head on a grab pole as she was falling. She bled profusely from her head and was transported from the site via ambulance. Plaintiff claims a traumatic brain injury and injuries to her cervical, thoracic, and lumbar regions. She claims approximately $85,000 in past medical expenses and an undetermined amount of future medical expenses. Discovery is in its early stages. We have served written discovery and subpoenaed medical records, which are still trickling in. Of the pre-incident medical records we have received thus far, there is no indication that Plaintiff had any preexisting conditions involving the regions allegedly injured as a result of the incident. A case management conference is scheduled for 9/26/23.

Villegas v. SCVTA

Alleged dangerous condition of public property. Two pedestrians crossed four lanes of travel and light rail tracks located in the center divider. They were struck by a westbound passenger car that was driving into the setting sun. The 90 year-old pedestrian died. Her 12 year-old granddaughter survived, but sustained a subdural hematoma, left orbital floor fracture, right scapular fracture, right elbow open fracture, and surgical repair of her right and left elbows. She is also claiming PTSD and some neuropsychological issues, including some cognitive speech deficits and headaches. Defendants include the driver, the City of Sunnyvale, and the entity owning the nearby mobile home park. The case is in discovery. VTA plans a summary judgment motion. No trial date has been set.

Hernandez v. SCVTA

Alleged wrongful death. Light rail / pedestrian fatality. Decedent was at Reamwood Light Rail Station when we walked off the station platform and directly in front of the incoming train. Plaintiff does not appear to have looked up or noticed the train until collision was imminent. The complaint has just been answered and the case is entering into the discovery phase. No trial date has been set.

Lopez/Pacheco v. SCVTA

Two pedestrians struck by a speeding car resulting in one death and one extremely serious brain injury. Plaintiff attorneys have sued only the City of San Jose on a dangerous condition claim, but the speeding car driver's attorneys have cross-complained against VTA because she claims the VTA bus "crowded her" and helped to cause the accident. Police took a video recorded statement of the speeding driver at the scene. Claimed medical bills for Mr. Lopez exceed $1M. City of San Jose plans a motion for summary judgment. Discovery has been on hold due to pending criminal case against defendant/cross-complainant Adkins. A trial setting conference is scheduled for December 19, 2023.

Cruz v. SCVTA

A 33-year-old female bus passenger jumped from a hijacked bus just as it was being driven away from the curb by the hijacker. Plaintiff struck her head but did not lose consciousness. The plaintiff passenger pushed past the operator standing at the front door and jumped off the bus as the hijacker floored the accelerator and overcame the parking brake. Plaintiff claims neck, low back, and a traumatic brain injury, with neuropsychological testing allegedly demonstrating evidence of peripheral vestibular dysfunction, a central vestibular dysfunction, abnormalities in cognitive processing, reaction time, executive function, visual attention, immediate recall and delayed recall, suggesting frontal lobe dysfunction, cerebellum dysfunction and parietofrontal dysfunction. She also claimed poor balance, dizziness, concentration, and memory difficulties. Discovery is ongoing and a trial setting conference is scheduled for August 22, 2023. In FY24, the parties reached

Claims arising from May 26, 2021 Shooting Incident

On May 26, 2021, a mass shooting occurred at the VTA's Guadalupe facility. The shooter was also a VTA employee. Nine employees were killed that day, and their families filed government tort claims against VTA. VTA resolved eight of the nine claims. The remaining claim is currently in litigation with no trial date set (Lane v. Universal Protection Service, LP). Additional complaints were received from other employees who were impacted by the shooting (Bertolet v. Universal Protection Service, LP and Gil v. Universal Protection Service, LP).

NOTE 18 – JOINT VENTURES

(a) Peninsula Corridor Joint Powers Board

VTA is a member agency of the Peninsula Corridor Joint Powers Board (PCJPB), along with the San Mateo County Transit District (SamTrans) and the City and County of San Francisco (CCSF). The PCJPB is governed by a separate board composed of nine members, three from each participating agency. The PCJPB was formed in October 1991 to plan, administer, and operate the Peninsula Corridor rail service (Caltrain), which began operating on July 1, 1992. Prior to July 1, 1992, such rail service was operated by Caltrans.

In November 2020, voters in San Francisco, Santa Clara and San Mateo counties approved Measure RR, a 30-year one-eighth cents sales tax to provide a dedicated funding source for Caltrain. In FY 2023, VTA did not contribute to the operating and capital costs of the Caltrain commuter rail service administered by PCJPB.

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

(b) Altamont Corridor Express

The Altamont Corridor Express (ACE) is a commuter rail service covering over 85 miles between Stockton and San Jose with stops in Manteca, Tracy, Livermore, Pleasanton, Fremont, Santa Clara, and San Jose. ACE is funded by VTA, the Alameda County Congestion Management Agency, and the San Joaquin Regional Rail Commission which also serves as the managing agency. ACE commenced operations in October 1998, and now provides four daily round trips commuter rail service from San Joaquin County through the Tri-Valley Area of Alameda County to Santa Clara County. In June 2003, VTA entered into a Cooperative Service Agreement with the San Joaquin Regional Rail Commission (SJRRC) and the Alameda County Transportation Commission (Alameda CTC) for continued VTA funding of ACE commuter rail service. The cooperative agreement replaced the ACE Joint Powers Agreement (JPA) executed by the ACE member agencies - VTA, SJRRC, and Alameda CTC. Per the cooperative agreement, VTA's financial subsidy is the amount paid in FY 2003, increased annually by the consumer price index (CPI). During the year ended June 30, 2023, VTA contributed approximately $1.4 million for operating costs. This is a one-time reduction only and contribution will revert back to original allocation with CPI.

Complete financial statements for ACE can be obtained from the San Joaquin Regional Rail Commission at 949 East Channel Street, Stockton, California 95202.

(c) Capitol Corridor Intercity Rail Service

VTA is a member agency of the Capitol Corridor Joint Powers Authority, which provides intercity rail service between Sacramento and San Jose. The Capitol Corridor intercity rail service is provided by the Capitol Corridor Joint Powers Board, which is comprised of members of the governing bodies of VTA, the Sacramento Regional Transit District, the Placer County Transportation Planning Agency, the congestion management agencies of Solano and Yolo counties, and the San Francisco Bay Area Rapid Transit District (BART). BART is the managing agency for the Capitol Corridor Service and Amtrak operates the trains on tracks owned by Union Pacific Railroad. VTA offers no funds to the operation of this service.

Complete financial statements for the Capitol Corridor Service can be obtained from the San Francisco Bay Area Rapid Transit District (BART) at P.O. Box 12688, Oakland, California 94606-2688.

NOTE 19 – LEASE/LEASEBACK

In 2003 VTA entered into two lease/leaseback transactions with Fifth Third Leasing Company. The leases involved a total of 20 light rail vehicles. The light rail vehicles were leased using statutory trusts (the “Trusts”) formed on behalf of the parties to the transactions. In each case, pursuant to a head-lease agreement, VTA leased rail vehicles to an investor and in turn received a prepayment of the future head-lease rents that would be due through the purchase option date. Pursuant to a sublease, the investor then leased the rail vehicles to the VTA. Sufficient monies from prepayment of the head-lease rents were invested in highly rated securities to fund all sublease rents through the date of purchase option, as well as fund the purchase option payments. Remaining monies were used to pay transaction costs, with the balance then going to VTA as an upfront cash benefit. Highly rated insurance companies were used to provide guaranties for certain aspects of the transactions. Subsequent to the closing of the leases, the Internal Revenue Service disallowed the tax benefits the investors were anticipating. Additionally, as a result of the 2008 financial crisis the credit ratings of the insurance providers were dramatically lowered below thresholds required in the lease documents, resulting in the possibility of a default. To eliminate the potential default, VTA entered into an amendment with Fifth Third Leasing Company that waived the insurance provider rating requirements. The two leases with Fifth Third Leasing Company have a purchase option date of January 1, 2034.

NOTE 20 - LEASES

Lessor Activities

VTA has accrued a receivable for three ground leases, as well as bus and light rail wrap advertising. The remaining receivable and deferred inflows of resources related to these leases were $28.3 million and $27.1 million respectively, as of June 30, 2023. Interest revenue recognized on these leases was $976 thousand for FY 2023. Principal receipts of $2.6 million were recognized during the year. Final receipt is expected in FY 2074.

Below is a schedule of the changes in the lease receivable for the FY 2023 (in thousands):

Lessor leases (in thousands):	Leases Receivable	Leases Amortization	Totals	Due within 1 Year
Ground Lease - Almaden Lake	$ 11,577	$ 199	$ 11,378	$ 88
Ground Lease - Eden Housing	6,555	106	6,449	46
Ground Lease - Sprint Communication	2,470	215	2,255	112
Bus/Light Rail lease for wrap advertising	12,298	4,054	8,244	2,633
Total lease receivable	$ 32,900	$ 4,574	28,326	$ 2,879
Less current portion			(2,879)	
Long-term receivable, net			$ 25,447	

VTA's Schedule of future receipts included in the measurement of the leases receivable is as follows (in thousands):

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ 2,879	$ 879	$ 3,758
2025	3,001	807	3,808
2026	3,127	732	3,859
2027	273	685	958
2028-2032	1,521	3,270	4,791
2033-2037	1,818	2,973	4,791
2038-2042	1,446	2,663	4,109
2043-2047	1,415	2,425	3,840
2048-2052	1,691	2,149	3,840
2053-2057	2,020	1,819	3,839
2058-2062	2,415	1,425	3,840
2063-2067	2,886	954	3,840
2068-2072	3,325	391	3,716
2073-2074	509	18	527
	$ 28,326	$ 21,190	$ 49,516

Lessee Activities

VTA has accrued liability for the sublease of Palo Alto VTA Transit Center (Depot portion of the El Camino Park Lease). The remaining liability and right to use the asset, net of amortization, for this lease was $1.8 million separately as of June 30, 2023. Interest expense recognized on these leases was $63.9 thousand and principal payment during the year of $224.5 thousand were recognized during the year.

Below is a schedule of the changes in the right to use assets with the accumulated amortization for the FY 2023 (in thousands):

Intangible Right- to-use assets:		
Palo Alto Transit Center Depot	$	2,206
Less: Accumulated amortization		368
Intangible Right- to-use assets, net	$	1,838

VTA's schedule of future payments included in the measurement of the lease liability is as follows (in thousands):

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$ 166	$ 59	$ 225
2025	171	54	225
2026	176	49	225
2027	181	43	224
2028	187	37	224
2029-2032	808	90	898
2033	218	7	225
	$ 1,907	$ 339	$ 2,246

NOTE 21 - SUBSEQUENT EVENT

2000 MEASURE A 2008 SERIES A,B,C,D BONDS & 2010 SERIES A BOND REFUNDINGS

In August 2023, $559.5 million of 2023 Series A Sales Tax Revenue Refunding Bonds were issued as tax-exempt fixed rate bonds, the proceeds of which were used to current refund $375.3 million of Taxable Build America 2010 Series A Bonds, pay the costs to terminate the interest rate swaps related to the 2008 Bonds, and fund an escrow to mature on November 6, 2023 to retire $235.9 million of tax-exempt variable rate 2008 Series A, B, C, and D Bonds. $28.7 million of Debt Service Reserve Fund proceeds of the 2010 Bond were released from the indenture and made available to fund Measure A capital project costs. The refundings reduced risk and complexity of the debt portfolio and yielded $12.1 million of present value savings to debt service. The credit rating from Standard & Poor's was upgraded to 'AAA' and the all-in true interest cost was 3.52%.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

Amalgamated Transit Union Pension Plan

(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service cost	$20,168	$19,528	$17,118	$18,275	$17,818	$16,953	$16,024	$14,788	$13,468	$12,094
Interest (includes interest on service cost)	56,331	54,663	53,888	52,368	51,921	47,850	46,152	45,110	43,069	41,417
Changes of benefits	5,061	—	—	—	—	—	—	—	—	—
Difference between expected and actual experience	10,984	2,339	(5,186)	2,349	(17,900)	12,285	6,440	7,748	4,517	—
Changes in Assumptions	(1,805)	(879)	15,130	7,307	—	21,918	13,105	14,577	—	—
Benefit payments, including refunds of member contributions	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)	(30,967)
Net Change in Total Pension Liability	36,460	25,265	32,444	33,276	7,528	57,440	43,267	46,635	27,636	22,544
Total Pension Liability - Beginning	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042	561,498
Total Pension Liability - Ending	893,993	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042
Plan Fiduciary Net Position										
Contributions - Employer	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787
Contributions - Member	6,145	5,674	5,222	4,850	3,343	2,725	1,070	—	—	—
Net Investment Income	41,908	(55,302)	157,392	(12,424)	23,408	40,605	60,472	2,245	16,094	64,139
Benefit payments, including refunds of member contributions	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)	(30,967)
Administrative Expense	(431)	(416)	(420)	(375)	(409)	(403)	(324)	(281)	(301)	(313)
Net Change in Plan Fiduciary Net Position	25,975	(71,316)	142,458	(24,420)	14,313	29,885	50,149	(7,873)	7,965	58,646
Plan Fiduciary Net Position - Beginning	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226	422,580
Plan Fiduciary Net Position - Ending	648,362	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226
Net Pension Liability - Ending	$245,631	$235,146	$138,565	$248,579	$190,883	$197,668	$170,113	$176,995	$122,487	$102,816
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	72.52 %	72.58 %	83.35 %	68.92 %	75.10 %	73.96 %	75.75 %	73.11 %	79.98 %	82.40 %
Covered Payroll	$149,576	$143,982	$130,271	$137,584	$133,749	$139,288	$131,544	$126,796	$115,914	$107,880
Net Pension Liability as a percentage of covered payroll	164.22 %	163.32 %	106.37 %	180.67 %	142.72 %	141.91 %	129.32 %	139.59 %	105.67 %	95.31 %
Annual money-weight rate of return, net of investment expense	6.0085 %	(11.79) %	26.46 %	2.53 %	4.75 %	4.77 %	12.80 %	1.34 %	3.69 %	15.42 %

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

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

Amalgamated Transit Union Pension Plan

(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially-determined Contribution	$32,632	$29,114	$28,770	$30,552	$32,282	$28,524	$27,385	$25,720	$25,549	$25,787
Contributions in Relation to the Actuarially-determined Contribution	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590	25,787
Contributions Deficiency/ (Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ (31)	$ (41)	$ —
Covered Payroll	$149,576	$143,982	$130,271	$137,584	$133,749	$139,288	$131,544	$126,796	$115,914	$107,880
Contributions as a Percentage of Covered Payroll	21.81 %	20.22 %	22.08 %	22.21 %	24.14 %	20.48 %	20.82 %	20.31 %	22.08 %	23.90 %

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
California Public Employees' Retirement System (CalPERS)
(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	$12,470	$11,314	$11,441	$11,662	$11,641	$11,137	$ 9,488	$ 9,551	$ 9,055
Interest	37,451	36,192	34,592	32,961	30,936	29,286	27,998	26,479	24,724
Changes in Assumptions	16,935	—	—	—	(3,287)	24,077	—	(6,447)	—
Difference between Expected and Actual Experience	(2,102)	797	217	5,563	3,653	(2,259)	(1,007)	2,488	—
Benefit payments, including refunds of employee contributions	(26,963)	(25,705)	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Net Change in Total Pension Liability	37,791	22,598	23,202	29,365	24,100	45,158	20,539	17,730	20,945
Total Pension Liability - Beginning	535,181	512,581	489,379	460,014	435,914	390,756	370,217	352,487	331,542
Total Pension Liability - Ending	572,972	535,181	512,581	489,379	460,014	435,914	390,756	370,217	352,487
Plan Fiduciary Net Position									
Contributions - Employer	16,753	17,813	15,179	13,486	11,976	11,865	10,248	8,684	8,845
Contributions - Employee	4,271	5,721	4,972	5,089	4,899	4,875	4,259	4,075	4,482
Net Investment Income	(34,029)	83,986	17,927	22,290	26,775	31,689	1,430	6,042	41,263
Benefit payments, including refunds of employee contributions	(26,963)	(25,705)	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Plan to Plan Resource Movement	—	—	—	—	78	37	(40)	—	—
Administrative Expense	(282)	(372)	(504)	(241)	(490)	(418)	(173)	656	—
Other Miscellaneous Income/(Expense)	—	—	—	1	(930)	—	—	—	—
Net Change in Fiduciary Net Position	(40,250)	81,443	14,526	19,804	23,465	30,965	(216)	5,116	41,756
Plan Fiduciary Net Position - Beginning	453,380	371,935	357,409	337,605	314,140	283,175	283,391	278,275	236,519
Plan Fiduciary Net Position - Ending	413,130	453,380	371,935	357,409	337,605	314,140	283,175	283,391	278,275
Plan Net Pension Liability - Ending	$159,842	$81,801	$140,646	$131,970	$122,409	$121,774	$107,581	$86,826	$ 74,212
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10 %	84.72 %	72.56 %	73.03 %	73.39 %	72.06 %	72.47 %	76.55 %	78.95 %
Covered Payroll	$71,173	$70,101	$70,407	$70,673	$70,158	$65,842	$61,209	$60,375	$54,294
Plan Net Pension Liability as a Percentage of Covered Payroll	224.58 %	116.69 %	199.76 %	186.73 %	174.48 %	184.95 %	175.76 %	143.81 %	136.69 %
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

Information not available prior to FY 2015.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Employer Contributions

California Public Employees' Retirement System (CalPERS)

(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$16,753	$17,827	$16,710	$15,208	$13,572	$12,208	$11,516	$10,567	$ 8,965	$ 8,845	$ 7,497
Contributions in Relation to the Contractually Required	16,753	17,827	16,710	15,208	13,572	12,208	11,516	10,567	8,965	8,845	7,497
Contributions Deficiency/(Excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered Payroll (not based on measurement date)	$71,173	$71,542	$71,385	$70,084	$73,461	$71,140	$68,156	$61,209	$60,375	$54,294	$52,712
Contributions as a Percentage of Covered Payroll	23.53 %	24.92 %	23.41 %	21.70 %	18.48 %	17.16 %	16.90 %	17.26 %	14.85 %	16.29 %	14.22 %

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Schedule of Changes in the Plan's Net OPEB Asset and Related Ratios

Retirees' Other Post Employment Benefits (OPEB)

(In thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	$ 8,895	$ 6,589	$ 6,300	$ 6,141	$ 6,190	$ 5,697	$ 5,888
Interest cost	17,072	18,320	18,298	17,810	17,190	16,695	15,872
Benefit payments	(14,577)	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,055)
Effect of Change in Actuarial Assumptions/Methods	—	6,217	7,004	(12)	6,523	(1,057)	—
Difference between Expected and Actual Experience	—	(14,980)	(8,435)	(3,064)	(7,876)	(1,670)	—
Effect of Plan Amendments	—	—	—	—	306	—	—
Net change in Total OPEB Liability	11,390	(2,714)	8,973	7,104	9,191	7,126	8,705
Total OPEB Liability - Beginning	271,547	274,261	265,288	258,184	248,993	241,867	233,162
Total OPEB Liability - Ending (a)	282,937	271,547	274,261	265,288	258,184	248,993	241,867
Plan Fiduciary Net Position							
Contributions to Plan Trusts	6,398	6,311	5,717	5,799	9,086	—	4,047
Benefit Payments from Plan Trusts	(14,577)	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,054)
Administrative Expenses from Plan Trusts	(20)	(181)	(94)	(91)	(93)	(109)	(25)
Expected Investment Return	23,001	(31,098)	22,868	22,861	21,931	20,550	18,976
Investment Experience (Loss)/Gain	—	—	52,119	(14,457)	(2,528)	7,575	14,350
Net Change in Fiduciary Net Position	14,802	(43,828)	66,416	341	15,254	15,477	24,294
Plan Fiduciary Net Position - Beginning	353,554	397,382	330,966	330,625	315,371	299,894	275,600
Plan Fiduciary Net Position - Ending (b)	368,356	353,554	397,382	330,966	330,625	315,371	299,894
Net OPEB Asset - Ending (a) - (b)	$(85,419)	$(82,007)	$(123,121)	$(65,678)	$(72,441)	$(66,378)	$(58,027)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability = (b) / (a)	130.19 %	130.20 %	144.89 %	124.76 %	128.06 %	126.66 %	123.99 %
Covered Payroll[1]	$237,306	$233,952	$187,551	$186,300	$181,761	$185,861	$176,709
Net OPEB Asset as a Percentage of Covered Payroll	(36.00)%	(35.05)%	(65.65)%	(35.25)%	(39.85)%	(35.71)%	(32.84)%
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Annual money-weight rate of return, net of investment expense	6.57 %	(7.87)%	19.50 %	1.03 %	6.44 %	9.83 %	12.51 %

Information not available prior to 2017.

[1]Covered payroll for FYs 2023 and 2022 included payroll subjected to medicare tax withholding (generated from SAP). Prior years were based on actuarial reports.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information
Schedule of Employer Contributions
Retirees' Other Post Employment Benefits (OPEB) Plan
(In thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially-determined Contribution	$ (1,948)	$ (5,483)	$ (5,657)	$ (5,035)	$ 3,410	$ (2,113)	$ 4,574	$ 4,785	$ 12,093	$ 14,100
Contributions in Relation to the Actuarially-determined Contribution	6,398	6,311	5,717	5,799	9,086	—	4,047	4,785	12,093	14,100
Contributions Deficiency/(Excess)	$ (8,346)	$ (11,794)	$ (11,374)	$ (10,834)	$ (5,676)	$ (2,113)	$ 527	$ —	$ —	$ —
Covered Payroll[1]	$237,306	$233,952	$187,551	$186,300	$181,761	$185,861	$176,709	$168,869	$167,124	$162,902
Contributions as a Percentage of Covered Payroll	2.70%	2.70%	3.05%	3.11%	5.00%	—%	2.29%	2.83%	7.24%	8.66%

[1]Covered payroll for FYs 2023 and 2022 included payroll subjected to medicare tax withholding (generated from SAP). Prior years were based on actuarial reports.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information
Budgetary Comparison Schedule
2000 Measure A Program Special Revenue Fund
For the year ended June 30, 2023
(In thousands)

	Original Operating Budget	Final Operating Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales tax receipts	$ 251,631	$ 251,631	$ 275,283	$ 23,652
Investment earnings	495	495	3,860	3,365
Federal subsidy for Build America Bonds	7,737	7,737	7,694	(43)
Other income	441	441	484	43
Total revenues	260,304	260,304	287,321	27,017
Non-project expenditures:				
Operating assistance to VTA Transit	52,213	57,413	57,121	292
Professional, special and other services	664	664	401	263
Miscellaneous	30	30	20	10
Repayment of debt service to VTA Transit	17,553	17,553	17,559	(6)
Principal payment, bond interest and other bond charges	71,582	66,382	60,854	5,528
Total non-project expenditures:	142,042	142,042	135,955	6,087
Change in fund balance	$ 118,262	$ 118,262	151,366	$ 33,104
GAAP reconciliation and unbudgeted items:				
Federal, state and local grant revenues			66,586	
Contribution to other agencies			(10,100)	
Unrealized gain/(loss) on investments			255	
Amortization of premium/discounts on investment			150	
Bond interest reclassified from project expenditures			(6,495)	
Interest not requiring use of financial resources			(1,473)	
Other expenditures			(1,683)	
Transfers out			(233,515)	
Total GAAP reconciliation and unbudgeted items			(186,275)	
Change in fund balance, on a GAAP basis			(34,909)	
Fund balance, beginning of year			273,146	
Fund balance, end of year			$ 238,237	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

2016 Measure B Program Special Revenue Fund

For the year ended June 30, 2023

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales Tax Revenues	$ 251,631	$ 251,631	$ 272,988	$ 21,357
Investment earnings (losses)	2,247	2,247	18,967	16,720
Total Revenues	253,878	253,878	291,955	38,077
Expenditures:				
Labor and overhead costs	—	1,816	1,495	321
Professional services	—	1,298	941	357
Data Processing	—	6	—	6
Miscellaneous	—	—	33	(33)
Contingency	—	4,444	—	4,444
Total Expenditures	—	7,564	2,469	5,095
Change in fund balance, on a budgetary basis	$ 253,878	$ 246,314	289,486	$ 43,172
Expenditures not budgeted:				
Contributions to other agencies			(134,612)	
Transfers out			(17,500)	
Change in fund balance, on a GAAP basis			137,374	
Fund Balance, Beginning of Year			856,034	
Fund Balance, End of Year			$ 993,408	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Required Supplementary Information
Budgetary Comparison Schedule
Congestion Management Program Special Revenue Fund
For the year ended June 30, 2023
(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Assessments to member agencies	$ 3,046	$ 3,046	$ 3,046	$ —
Federal grant revenues	1,265	1,265	3,165	1,900
Administrative fees	—	—	122	122
State and local operating assistance grants	252	252	374	122
Other revenues	550	550	414	(136)
Investment earnings	2	2	25	23
Total Revenues	5,115	5,115	7,146	2,031
Expenditures:				
VTA labor and overhead costs	5,216	5,234	5,229	5
Services and other:				
Professional services	1,251	1,233	563	670
Other services	15	15	27	(12)
Data processing	141	141	3	138
Miscellaneous	—	—	11	(11)
Contribution to Other Agencies	420	420	94	326
Total Expenditures	7,043	7,043	5,927	1,116
Change in fund balance	$ (1,928)	$ (1,928)	1,219	$ 3,147
Fund Balance, Beginning of Year			1,936	
Fund Balance, End of Year			$ 3,155	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Congestion Management & Highway Program Special Revenue Fund

For the year ended June 30, 2023

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	$ 57,108	$ 57,108	$ 57,117	$ 9
Expenditures:				
Capital expenditures on behalf of other agencies, and transfers out	57,108	57,108	57,117	(9)
Change in fund balance, on a budgetary basis	$ —	$ —	—	$ —
Fund Balance, Beginning of Year			—	
Fund Balance, End of Year			$ —	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Bay Area Air Quality Management Program Special Revenue Fund

For the year ended June 30, 2023

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
State and local operating assistance grants	$ 2,362	$ 2,362	$ 2,362	$ —
Investment earnings (losses)	73	73	73	—
Total Revenues	2,435	2,435	2,435	—
Expenditures:				
Program payments	3,056	3,056	3,056	—
Change in fund balance, on a budgetary basis	$ (621)	$ (621)	(621)	$ —
Fund Balance, Beginning of Year			4,227	
Fund Balance, End of Year			$ 3,606	

See Note accompanying this schedule

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Required Supplementary Information

Budgetary Comparison Schedule

Senate Bill 83 Vehicle Registration Fee Special Revenue Fund

For the year ended June 30, 2023

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	$ 18,693	$ 18,693	$ 18,693	$ —
Investment earnings	624	624	625	1
Total Revenues	19,317	19,317	19,318	1
Expenditures:				
Program payments	14,278	14,278	14,279	(1)
Total Expenditures	14,278	14,278	14,279	(1)
Change in fund balance, on a budgetary basis	$ 5,039	$ 5,039	5,039	$ —
Fund Balance, Beginning of Year			31,359	
Fund Balance, End of Year			$ 36,398	

See Note accompanying this schedule

Note 1 - Budgetary Basis of Accounting

State law requires the adoption of an annual budget, which must be approved by the VTA's Board of Directors. VTA's Board adopts a biennial budget for its Congestion Management Program, 2016 Measure B Program, 2000 Measure A Program, and Congestion Management and Highway Program Special Revenue Funds. The Bay Area Air Quality Management and Vehicle Registration Fees programs received pass-through grants in which VTA has merely administrative involvement. The budget for the Special Revenue Funds is prepared on a modified accrual basis but excludes unrealized gains and losses on investments, certain capital federal and state revenues, expenditures, and transfers.

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

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SUPPLEMENTARY INFORMATION
(Individual and Combining Fund Information)

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule - Enterprise Fund
VTA Transit Fund
For the year ended June 30, 2023
(In thousands)

	FY 2023 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
REVENUES				
Fares - Transit	$ 20,541	$ 20,541	$ 26,103	$ 5,562
Fares - Paratransit	1,350	1,350	1,202	(148)
1976 1/2 Cent Sales Tax	251,631	264,531	275,288	10,757
Transportation Development Act funds	125,566	125,566	127,829	2,263
2000 Measure A Sales Tax Operating Assistance	52,213	52,213	57,121	4,908
2016 Measure B -Transit Operations	17,504	17,504	17,500	(4)
STA	26,924	26,924	43,387	16,463
Federal Operating Grants	4,550	9,550	1,395	(8,155)
State Operating Grants	1,375	19,018	5,689	(13,329)
Investment Earnings	4,589	4,589	6,543	1,954
Advertising Income	3,226	3,226	3,172	(54)
Other Income	20,413	20,414	23,158	2,744
Total revenues	**529,883**	**565,426**	**588,387**	**22,961**
OPERATING EXPENSES				
Labor Costs	368,771	390,779	375,800	14,979
Materials & Supplies	25,211	24,711	22,778	1,933
Security	25,731	22,731	19,395	3,336
Professional & Special Services	9,313	11,659	10,689	970
Other Services	12,990	12,491	15,066	(2,575)
Fuel	10,734	13,234	14,103	(869)
Traction Power	6,327	6,327	5,125	1,202
Tires	1,685	1,685	1,639	46
Utilities	4,439	4,429	4,444	(15)
Insurance	8,989	14,489	15,732	(1,243)
Data Processing	7,527	7,527	6,190	1,337
Office Expense	287	287	223	64
Communications	1,912	1,912	2,007	(95)
Employee Related Expense	1,106	1,177	894	283
Leases & Rents	983	983	1,844	(861)
Miscellaneous	986	985	800	185
Reimbursements	(44,808)	(44,808)	(42,404)	(2,404)
Total operating expenses	**442,183**	**470,598**	**454,325**	**16,273**

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Budgetary Comparison Schedule - Enterprise Fund (*continued*)

VTA Transit Fund

For the year ended June 30, 2023

(In thousands)

	FY 2023 Adopted Budget	Final Budget	Actual	Variance Final to Actual Positive / (Negative)
OTHER EXPENSES				
Paratransit	30,093	30,093	23,462	6,631
Altamont Corridor Express	6,242	3,742	3,619	123
Highway 17 Express	439	439	402	37
Contribution to Other Agencies	1,061	1,061	575	486
Debt Service	20,831	20,841	20,839	2
Transfer to capital reserve	40,000	40,000	40,000	—
Contingencies	3,000	2,726	—	2,726
Total other expenses	**101,665**	**98,902**	**88,897**	**10,005**
Total operating and other expenses	**543,848**	**569,500**	**543,222**	**26,278**
Change in net position, on a budgetary basis	**$ (13,965)**	**$ (4,074)**	**45,165**	**$ 49,239**
Reconciliation of net income on a budgetary basis to net income on a GAAP Basis:				
Capital Contributions			18,826	
Emergency Operating Assistance/CRRSAA			202	
Project Expenditures			(4,706)	
Capital Contributions to Other Agencies			(451)	
Bond Principal Payment			16,910	
Net of amortization of investment premium and (discount)			575	
Net of amortization of bond premium and (deferred loss)			1,574	
Unrealized gain on investment			1,314	
Debt Reduction Fund Interest Earnings			5,926	
Other non-operating income/(loss)			8,916	
Other non-budgetary revenues/(expenses)			(4,374)	
Pension-related (GASB 68) & OPEB-related (GASB 75) expenses			(42,977)	
OPEB-related (GASB 87) lease income			(438)	
PERS employer contribution deferred			19,506	
Transfer to capital reserve			40,000	
Transfers in (net of transfers out)			(8,841)	
Depreciation			(85,527)	
Net change in net position, on a GAAP Basis			**$ 11,600**	

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

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Fiduciary Net Position

Retiree Benefits Trust Funds

June 30, 2023

(In thousands)

	ATU Pension Trust	OPEB Trust	ATU Medical Trusts: Spousal Medical	ATU Medical Trusts: Vision/ Dental	ATU Medical Trusts: Total Medical Trusts	Total
ASSETS						
Cash and cash equivalents	$ 3,902	$ 1,884	$ 211	$ 147	$ 358	$ 6,144
Investments	648,206	366,334	26,164	18,166	44,330	1,058,870
Receivables	713	571	—	—	—	1,284
Due from other agencies	—	10	—	—	—	10
Total assets	652,821	368,799	26,375	18,313	44,688	1,066,308
LIABILITIES						
Accounts payable	457	445	—	—	—	902
Due to other funds	4,001	—	—	—	—	4,001
Total liabilities	4,458	445	—	—	—	4,903
NET POSITION						
Restricted for:						
Pension benefits	648,363	—	—	—	—	648,363
Other post-employment benefits	—	368,354	—	—	—	368,354
Spousal medical benefits	—	—	26,375	—	26,375	26,375
Retiree dental and vision benefits	—	—	—	18,313	18,313	18,313
TOTAL NET POSITION	$ 648,363	$ 368,354	$ 26,375	$ 18,313	$ 44,688	$1,061,405

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Combining Statement of Changes in Fiduciary Net Position
Retiree Benefits Trust Funds
For the year ended June 30, 2023
(In thousands)

			ATU Medical Trusts			
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Dental	Total Medical Trusts	Total
ADDITIONS						
Employee contributions	$ 6,146	$ —	$ 1,470	$ 368	$ 1,838	$ 7,984
Employer contributions	32,632	6,398	—	—	—	39,030
Total contributions	38,778	6,398	1,470	368	1,838	47,014
Investment earnings/(loss):						
Investment income	16,653	10,102	248	173	421	27,176
Net change in the fair value of investments	31,729	15,056	3,141	1,927	5,068	51,853
Investment expense	(3,915)	(2,158)	(8)	(6)	(14)	(6,087)
Net investment earnings/(loss)	44,467	23,000	3,381	2,094	5,475	72,942
Total additions	83,245	29,398	4,851	2,462	7,313	119,956
DEDUCTIONS						
Benefit payments	54,279	14,577	1,485	350	1,835	70,691
Services	—	—	16	11	27	27
Administrative expenses	431	20	—	—	—	451
Total deductions	54,710	14,597	1,501	361	1,862	71,169
Change in net position	28,535	14,801	3,350	2,101	5,451	48,787
Net position, beginning of year	619,828	353,553	23,025	16,212	39,237	1,012,618
Net position, end of year	$ 648,363	$ 368,354	$ 26,375	$ 18,313	$ 44,688	$ 1,061,405

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Unrestricted Net Position

For the year ended June 30, 2023

(In thousands)

	Enterprise Funds				
	VTA Transit Fund	BART Operating Fund	Express Lanes Fund	Joint Development Fund	Total Enterprise Funds
Local share of capital projects	$ 212,691	$ —	$ —	$ 11,129	$ 223,820
Debt reduction	375,044	—	—	—	375,044
Express Lane	—	—	5,486	—	5,486
BART Operating	—	436,309	—	—	436,309
Joint Development	—	—	—	16,508	16,508
Sales tax stabilization	35,000	—	—	—	35,000
Operating reserve	90,571	—	—	—	90,571
Inventory and prepaid expenses	32,467	—	—	—	32,467
Net Pension Liability (GASB 68)*	(314,524)	—	—	—	(314,524)
Net Lease Asset (GASB 87)	1,139	—	—	—	1,139
Total	$ 432,388	$ 436,309	$ 5,486	$ 27,637	$ 901,820

*Net of related pension and OPEB deferrals

	Governmental Fund
	2000 Measure A Program
Governmental funds, June 30, 2023 (page 2-27)	$ 238,237
Long-term liabilities, including bonds payable, are not due and payable in, the current period and therefore, are not reported in the fund:	
Long-term debt	(696,670)
Deferred inflows of resources	(2,496)
Deferred outflows of resources	2,695
Restricted for Debt Service	(52,288)
Interest Payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds	(7,926)
Total Net Position, Governmental Activities (page 2-20), June 30, 2023	$ (518,448)

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STATISTICAL SECTION

FINANCIAL TRENDS:

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

REVENUE CAPACITY:

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

DEBT CAPACITY:

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

DEMOGRAPHIC AND ECONOMIC INFORMATION:

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

OPERATING INFORMATION:

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

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Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position
Ten Years Ended June 30, 2023
(In thousands)

	2014	2015	2016	2017 [1]	2018	2019	2020	2021	2022	2023
EXPENSES										
Business-type activities:										
Transit										
Operations and Operating Projects	$ 392,042	$ 407,618	$ 431,212	$ 471,655	$ 495,785	$ 487,725	$ 528,001	$ 638,943	$ 708,316	$ 765,828
Caltrain Subsidy	7,291	8,390	8,414	8,390	8,967	10,790	10,800	10,800	9,120	— [2]
Capital Expenses on behalf of, and contribution to other agencies	93,952	61,445	53,094	6,497	7,344	23,809	189,358	5,850	3,178	1,015
Altamont Corridor Express Subsidy	3,019	3,097	3,166	3,270	3,383	3,502	3,634	3,893	3,337	1,458
Interest Expense	27,088	15,204	11,330	7,326	6,972	13,060	6,464	5,972	5,206	3,553
Other Expenses	11,096	5,734	4,177	576	657	5,446	1,444	618	681	4,277
Benefit Payments	17,947	8,881	12,999	12,654	17,437	15,359	15,096	19,067	15,594	13,940
Total Business-Type Activities Expenses	552,435	510,369	524,392	510,368	540,545	559,691	754,797	685,143	745,432	790,071
Governmental activities:										
Congestion Management										
Operations and operating projects	7,544	8,071	8,228	8,868	8,159	8,122	6,533	7,923	8,165	8,258
Interest Expense	—	—	—	7,928	8,068	7,833	10,730	26,528	35,158	30,890
Program Payments	—	—	—	—	—	—	—	17,767	20,181	17,335
Other Expenses	—	—	—	2,352	1,452	1,155	2,277	1,453	600	1,727
Capital expenditures on behalf of, and contribution to other agencies [3]	36,252	20,295	11,399	89,556	68,188	53,663	169,105	149,836	185,990	197,370
Total governmental activities expenses	43,796	28,366	19,627	108,704	85,867	70,773	188,645	203,507	250,094	255,580
Total primary government expenses	596,231	538,735	544,019	619,072	626,412	630,464	943,442	888,650	995,526	1,045,651
PROGRAM REVENUES										
Business-type activities:										
Charges for services	42,420	43,054	42,316	40,194	42,434	44,720	37,897	22,253	40,221	60,605
Operating grants	148,669	134,796	126,988 [4]	115,191	130,919	160,967	214,022	221,874	316,428	178,501
Capital grants	193,899	277,421	271,057	38,713	58,259	53,855	29,212	20,133	10,643	19,853
Total business-type activities program revenues	384,988	455,271	440,361	194,098	231,612	259,542	281,131	264,260	367,292	258,959
Governmental activities:										
Charges for services	2,519	2,526	2,529	2,549	2,664	2,814	3,044	3,007	3,082	3,168
Operating grants	2,424	2,096	16,585 [5]	172,844	107,957	112,348	131,088	120,538	111,751	155,991
Capital grants	38,989	22,964	—	—	—	—	—	—	—	—
Total governmental activities program revenues	43,932	27,586	19,114	175,393	110,621	115,162	134,132	123,545	114,833	159,159
Total primary government revenues	428,920	482,857	459,475	369,491	342,233	374,704	415,263	387,805	482,125	418,118
NET PROGRAM (EXPENSES)/REVENUES										
Business-type activities	(167,447)	(55,098)	(84,031)	(316,270)	(308,933)	(300,149)	(473,666)	(420,883)	(378,140)	(531,112)
Governmental activities	136	(780)	(513)	66,689	24,754	44,389	(54,513)	(79,962)	(135,261)	(96,421)
Total primary government net program (expenses)/revenues	(167,311)	(55,878)	(84,544)	(249,581)	(284,179)	(255,760)	(528,179)	(500,845)	(513,401)	(627,533)

Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position (continued)
Ten Years Ended June 30, 2023
(In thousands)

	2014	2015	2016	2017[1]	2018	2019	2020	2021	2022	2023
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Business-type activities:										
Sales tax revenue	417,486	446,374	460,316	259,029	257,380	295,873	260,596	274,498	321,768	342,449
Investment income	9,861	9,420	19,102	2,055	3,222	27,033	29,294	5,197	(22,637)	22,365
Proceeds from sale of land	—	16,732	—	—	—	—	—	—	—	—
Federal subsidy for Build America Bonds [4]	8,755	8,715	—	—	—	—	—	—	—	—
Other income	7,325	4,261	3,335	5,233	3,317	7,237	5,494	2,874	3,198	16,436
Transfers	—	—	—	286,989	250,769	297,919	297,934	239,152	275,291	330,667
Total business-type activities	443,427	485,502	482,753	553,306	514,688	628,062	593,318	521,721	577,620	711,917
Governmental activities:										
Sales tax revenue	—	—	—	208,672	207,870	474,538	419,209	440,862	516,470	548,271
Investment income	23	9	16	2,411	2,813	24,782	39,482	3,601	(27,136)	23,954
Other income	279	250	155	531	760	628	1,086	681	789	898
Transfers	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)	(275,291)	(330,667)
Extraordinary item[6]	—	—	—	—	—	256,090	—	—	—	—
Total governmental activities	302	259	171	(129,068)	(39,326)	458,119	161,843	205,992	214,832	242,456
TOTAL PRIMARY GOVERNMENT	443,729	485,761	482,924	424,238	475,362	1,086,181	755,161	727,713	792,452	954,373
CHANGE IN NET POSITION										
Business-type activities	275,980	430,404	398,722	290,729	205,755	327,913	119,652	100,838	199,480	180,805
Governmental activities	438	(521)	(342)	(62,379)	(14,572)	502,508	107,330	126,030	79,571	146,035
Total primary government	$ 276,418	$ 429,883	$ 398,380	$ 228,350	$ 191,183	$ 830,421	$ 226,982	$ 226,868	$ 279,051	$ 326,840

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

[2]VTA did not contribute to the Caltrain commuter rail service due to the passage of Measure RR that provided a dedicated funding source for Caltrain.

[3]In FY2020, the contributions to other agencies and capital projects for the benefit of other agencies were pooled into one account.

[4]Starting with FY 2016, BABs subsidy was reported under Program Revenues-Operating Grants.

[5]Capital Grants under governmental activities were reported under Operating Grants starting with FY 2016. These grants operate assets that will be owned by other entities.

[6]Represents collections of 2016 Measure B Sales Tax prior to FY 2019.

Table 2
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trends - Net Position by Component
Ten Years Ended June 30, 2023
(In thousands)

	2014	2015 [1]	2016	2017 [2]	2018 [3]	2019	2020	2021	2022	2023
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	$2,613,290	$2,950,181	$3,394,540	$4,616,263	$4,839,251	$5,058,104	$5,059,705	$5,078,709	$5,097,498	$5,179,068
Restricted	759,608	822,834	789,000	11,572	9,910	6,003	9,286	10,388	10,030	107,740 [4]
Unrestricted	356,559	197,852	186,049	384,850	411,441	524,408	639,176	719,908	900,957	902,482
Total Business-Type Activities Net Position	3,729,457	3,970,867	4,369,589	5,012,685	5,260,602	5,588,515	5,708,167	5,809,005	6,008,485	6,189,290
GOVERNMENTAL ACTIVITIES										
Restricted	2,020	1,499	1,157	72,868	56,746	597,807	790,771	914,620	983,898	1,088,855
Unrestricted	—	—	—	(486,458)	(484,907)	(523,460)	(609,094)	(569,819)	(559,526)	(518,448)
Total Governmental-Type Activities Fund Balance	2,020	1,499	1,157	(413,590)	(428,161)	74,347	181,677	344,801	424,372	570,407
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	2,613,290	2,950,181	3,394,540	4,616,263	4,839,251	5,058,104	5,059,705	5,078,709	5,097,498	5,179,068
Restricted	761,628	824,333	790,157	84,440	66,656	603,810	800,057	925,008	993,928	1,196,595
Unrestricted	356,559	197,852	186,049	(101,608)	(73,466)	948	30,082	150,089	341,431	384,034
Total Primary Governmental Net Position	$3,731,477	$3,972,366	$4,370,746	$4,599,095	$4,832,441	$5,662,862	$5,889,844	$6,153,806	6,432,857	$6,759,697
Restatement due to GASB84 implemented in FY2021 [5]							37,094	—		
Restated Total Primary Governmental Net Position							$5,926,938	$6,153,806		

[1] FY 2015 was restated by $189.0 million due to implementation of GASB68.

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

[3] FY 2018 was restated by $42.2 million due to implementation of GASB75.

[4] Net OPEB Asset of $92.8 million was categorized under Restricted starting FY 2023.

[5] FY 2021 was restated due to implementation of GASB 84. This required the transfer of BAAQ and VRF funds from Agency to Governmental as assets derived from pass-through grants for which the government has administrative or direct financial involvement should be reported with the governmental or business-type activities.

Table 3

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

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

Ten Years Ended June 30, 2023

(Modified Accrual Basis of Accounting)

(In thousands)

	2014	2015	2016	2017[1]	2018	2019	2020	2021	2022	2023
REVENUES										
Member Agency Assessment Revenue	$ 2,407	$ 2,407	$ 2,407	$ 2,407	$ 2,528	$ 2,654	$ 2,880	$ 2,843	$ 2,942	$ 3,046
Federal Technical Studies Operating Assistance Grants	1,728	1,371	1,887	1,219	2,178	2,439	2,171	2,084	1,603	3,165
Administrative Fees	112	119	122	142	136	160	164	164	140	122
Federal, State and Local Grant Revenues	39,685	23,689	14,698	162,872	96,995	101,102	120,080	109,695	101,769	145,132
Federal subsidy for Build American Bonds	—	—	—	8,753	8,784	8,807	8,837	8,759	8,379	7,694
Sales tax revenue	—	—	—	208,672	207,870	474,538	419,209	440,862	516,470	548,271
Investment Earnings	23	9	16	2,411	2,813	24,782	39,482	3,601	(27,136)	23,954
Other Revenue	279	250	155	531	760	628	1,086	681	789	898
Total Revenues	44,234	27,845	19,285	387,007	322,064	615,110	593,909	568,689	604,956	732,282
EXPENDITURES										
Congestion Management - Current:										
VTA Labor and Overhead Costs	7,160	6,826	7,031	6,128	7,328	7,487	5,637	6,880	6,768	6,724
Professional Services	359	1,225	1,176	2,721	817	619	881	1,028	1,380	1,504
Program Expenditures	25	19	21	19	14	16	15	15	17	30
Program Payments	—	—	—	—	—	—	—	17,767	20,181	17,335
Other expenditures	—	1	—	2,352	1,452	1,155	2,277	1,453	600	1,727
Debt Service:										
Principal	—	—	—	28,160	29,530	30,575	32,080	33,680	35,015	36,460
Interest	—	—	—	10,721	10,107	9,745	12,105	27,258	37,051	32,363
Capital expenditures on behalf of, and contribution to other agencies[2]	36,252	20,295	11,399	89,556	68,188	53,663	169,105	149,836	185,990	197,370
Total Expenditures	43,796	28,366	19,627	139,657	117,436	103,260	222,100	237,917	287,002	293,513
Excess (Deficiency) of Revenues Over Expenditures	438	(521)	(342)	247,350	204,628	511,850	371,809	330,772	317,954	438,769
OTHER FINANCING SOURCES (USES):										
Transfers Out	—	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)	(275,291)	(330,667)
Bond issuance, net	—	—	—	—	—	—	—	(1,061)	—	—
Extraordinary Items[3]	—	—	—	—	—	256,090	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	(340,682)	(250,769)	(41,829)	(297,934)	(239,152)	(275,291)	(330,667)
Net Change in Fund Balances	438	(521)	(342)	(93,332)	(46,141)	470,021	73,875	91,620	42,663	108,102
TOTAL GOVERNMENTAL FUNDS										
Non-spendable – Special Revenue Funds	—	—	—	—	—	—	—	—	—	16,309
Restricted – Special Revenue Funds	2,020	1,499	1,157	500,293	454,153	922,511	996,386	1,124,039	1,166,702	1,258,495
Unassigned – Special Revenue Funds	$ —	$ —	$ —	$ (1,663)	$ (1,663)	$ —	$ —	$ —	$ —	$ —
Total Governmental Funds	$ 2,020	$ 1,499	$ 1,157	$498,630	$452,490	$922,511	$996,386	$1,124,039	$1,166,702	$1,274,804
Ratio of debt service expenditures to non-capital expenditures	— %	— %	— %	38.58 %	50.95 %	64.06 %	24.83 %	34.43 %	33.53 %	30.63 %

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

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

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

Table 4

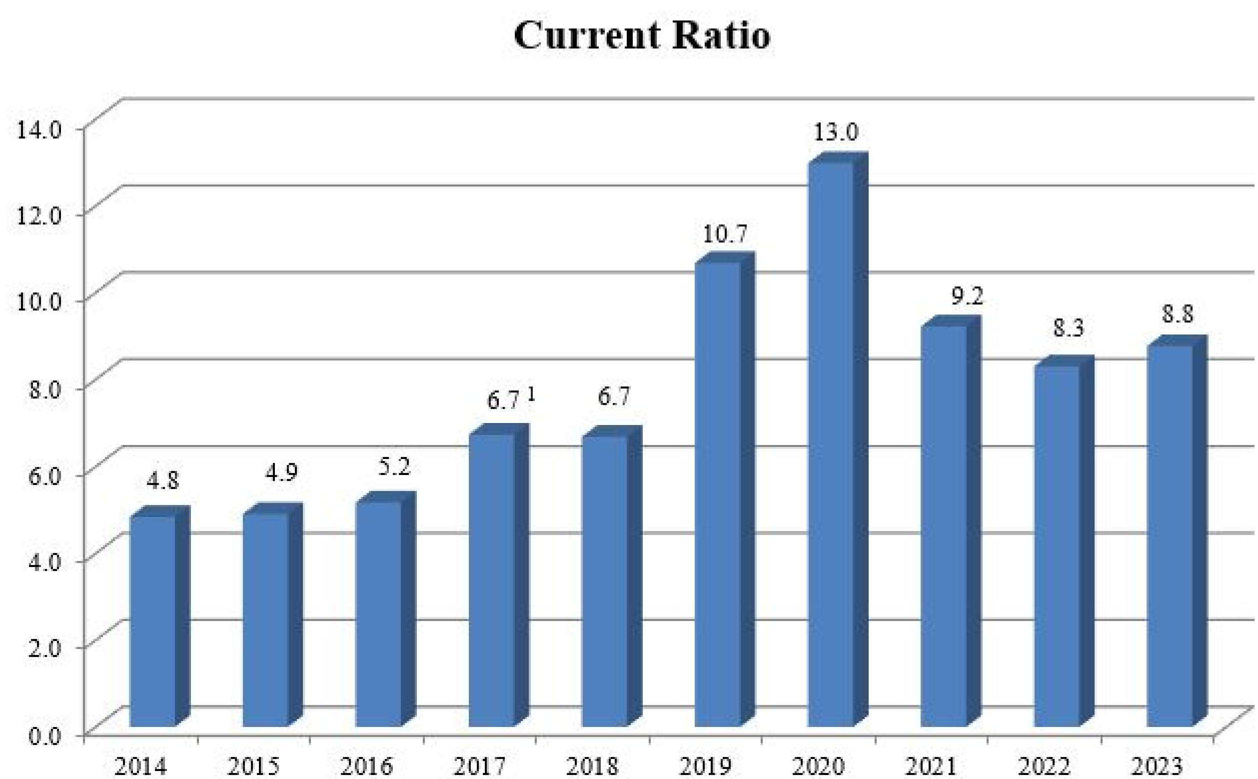
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends – Current Ratio

Enterprise Funds

Ten Years Ended June 30, 2023

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.



	2014	2015	2016	2017 [1]	2018	2019	2020	2021	2022	2023
Current and Restricted Assets ($000's)	$1,284,402	$1,375,968	$1,332,998	$ 685,914	$ 700,885	$ 793,181	$ 945,004	$1,048,635	$1,253,369	$1,376,822
Current and Restricted Liabilities ($000's)	265,298	280,262	257,399	101,779	104,929	74,239	72,785	113,727	151,758	156,997
Net Working Capital ($000's)	$1,019,104	$1,095,706	$1,075,599	$ 584,135	$ 595,956	$ 718,942	$ 872,219	$ 934,908	$1,101,611	$1,219,825
Current Ratio	4.8	4.9	5.2	6.7	6.7	10.7	13.0	9.2	8.3	8.8

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

Table 5

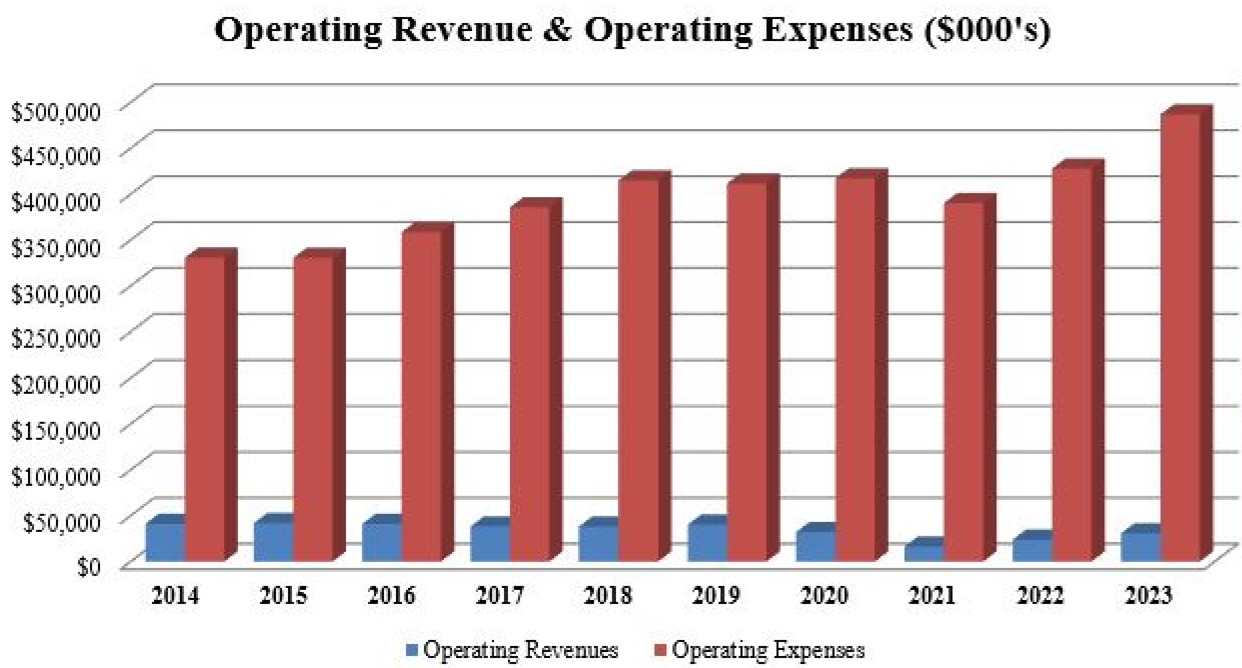
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Operating Revenues & Operating Expenses

VTA Transit

Ten Years Ended June 30, 2023

The chart below shows a comparison of operating revenues to expenses. Operating revenues exclude paratransit fares and charges for services (which included lease income from GASB 87 beginning in FY 2022). Operating expenses are exclusive of purchased transportation and depreciation to more accurately reflect operating expenses related to direct operating service.



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	$ 41,198	$ 41,897	$ 41,042	$ 38,261	$ 38,160	$ 40,201	$ 32,199	$ 16,311	$ 23,942	$ 30,807
Operating Expenses	330,614	330,466	358,538	385,528	414,975	411,524	417,206	390,099	427,859	486,842

Table 6

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

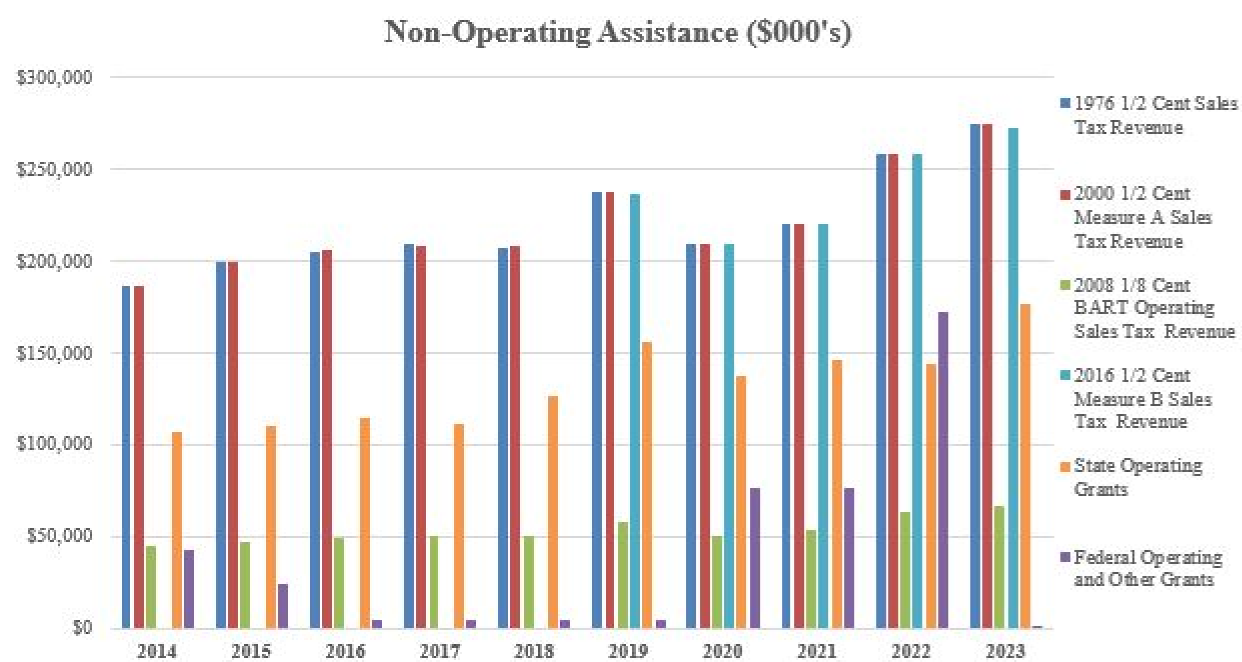
Financial Trends - Non-Operating Assistance

Sales Tax Revenues and Enterprise Operating Grants

Ten Years Ended June 30, 2023

(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.



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1976 1/2 Cent Sales Tax Revenue	$186,431	$199,221	$205,418	$209,005	$ 207,589	$ 237,869	$209,828	$220,581	$258,474	$275,288
2000 1/2 Cent Measure A Sales Tax Revenue [1]	186,302	199,653	205,636	208,672	207,870	237,874	209,885	220,500	258,470	275,283
2008 1/8 Cent BART Operating Sales Tax Revenue [2]	44,753	47,500	49,262	50,024	49,791	58,004	50,768	53,917	63,294	67,161
2016 1/2 Cent Measure B Sales Tax Revenue [3]	—	—	—	—	—	236,664	209,324	220,362	258,000	272,988
State and Local Operating Grants	106,439	110,243	114,135	110,959	126,689	156,565	137,081	145,778	143,814	176,904
Federal Operating and Other Grants[4]	42,230	24,553	4,105	4,232	4,230	4,402	76,941	76,096	172,614	1,597

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

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

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

[4]Included relief funds primarily from Coronavirus, Aid, Relief and Economic Security (CARES) of $72.9 million in FY 2020 and $67.7 million in FY 2021, as well as Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan (ARP) of $167.8 million in FY 2022.

Table 7

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Financial Trends - Targeted Operating Reserves

VTA Transit Fund

Ten Years Ended June 30, 2023

The policy adopted by the VTA Board established an operating reserve goal of 15% of subsequent year's final operating budget. To calculate the actual reserve at fiscal year-end, total current assets are reduced by total current liabilities (excluding the current portion of long-term debt, leases payable, and amounts due to other agencies). Current Net Position is then reduced by inventory and other current assets to reach a current operating reserve total.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current Assets, excluding restricted asset	$110,906	$124,284	$130,096	$143,377	$136,012	$159,219	$144,854	$ 151,432	$ 185,309	$ 179,140
Total Current Liabilities, excluding restricted liability	(29,790)	(36,878)	(32,334)	(40,030)	(44,540)	(46,997)	(36,989)	(41,412)	(72,044)	(56,279)
Current Net Position	$ 81,116	$ 87,406	$ 97,762	$103,347	$ 91,472	$112,222	$107,865	$ 110,020	$ 113,265	$ 122,861
Less: Inventory & Other Current Assets	(21,289)	(24,469)	(33,615)	(36,688)	(36,665)	(36,408)	(32,051)	(30,239)	(31,688)	(32,290)
Operating Reserves, June 30	$ 59,827	$ 62,937	$ 64,147	$ 66,659	$ 54,807	$ 75,814	$ 75,814	$ 79,781	$ 81,577	$ 90,571
Operating Reserves Target	$ 59,827	$ 62,937	$ 64,147	$ 71,322	$ 73,979	$ 75,814	$ 76,485	$ 79,781	$ 81,577	$ 90,571

Table 8
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity – Revenue Base and Revenue Rates
Ten Years Ended June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Passenger Fares[1] (In thousands)	$38,372	$39,108	$37,663	$33,719	$34,511	$35,773	$27,318	$14,773	$25,067	$33,653
Percentage Increase/(Decrease) from Prior Year	0.1%	1.9 %	(3.7)%	(10.5)%	2.3 %	3.7 %	(23.6)%	(45.9)%	69.7%	34.3%
Revenue Base										
Number of Passengers[2]	43,428,492	43,944,096	42,918,436	38,189,131	36,555,500	35,465,604	27,968,308	11,876,114	17,465,232	23,408,795
Percentage Increase/(Decrease) from Prior Year	0.6%	1.2 %	(2.3)%	(11.0)%	(4.3)%	(3.0)%	(21.1)%	(57.5)%	47.1%	34.0%
Fare Structure										
Adult Local Fare	$2.00	$2.00	$2.00	$2.00	$2.25	$2.50	$2.50	$2.50	$2.50	$2.50
Youth Local Fare	1.75	1.75	1.75	1.75	1.00	1.25	1.25	1.25	1.25	1.25
Senior/Disabled Local Fare	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sales Tax Revenues (In thousands)										
1976 1/2Cent Sales Tax[3]	$ 186,431	$ 199,221	$ 205,418	$ 209,005	$ 207,589	$ 237,869	$ 209,828	$ 220,581	$ 258,474	$ 275,288
2000 Measure A 1/2Cent Sales Tax[4]	186,302	199,653	205,636	208,672	207,870	237,874	209,885	220,500	258,470	275,283
2008 1/8 Cent BART Operating Sales Tax[5]	44,753	47,500	49,262	50,024	49,791	58,004	50,768	53,917	63,294	67,161
2016 Measure B 1/2 Cent Sales Tax[6]	—	—	—	—	—	236,664	209,324	220,362	258,000	272,988
Total Sales Tax Revenue Receipts[7]	$ 417,486	$ 446,374	$ 460,316	$ 467,701	$ 465,250	$ 770,411	$ 679,805	$ 715,360	$ 838,238	$ 890,720
Percentage Increase/(Decrease) from Prior Year										
1976 1/2 Cent Sales Tax	5.5%	6.9 %	3.1 %	1.7 %	(0.7)%	14.6 %	(11.8)%	5.1%	17.2%	6.5%
2000 Measure A 1/2 Cent Sales Tax	5.5%	7.2 %	3.0 %	1.5 %	(0.4)%	14.4 %	(11.8)%	5.1%	17.2%	6.5%
2008 1/8 Cent BART Operating Sales Tax	6.8 %	6.1 %	3.7 %	1.5 %	(0.5)%	16.5 %	(12.5)%	6.2%	17.4%	6.1%
2016 Measure B 1/2 Cent Sales Tax	N/A	N/A	N/A	N/A	N/A	N/A	(11.6)%	5.3%	17.1%	5.8%

[1]Includes fares for bus and rail services. Despite initial recognition of Bart Operating Fares in FY 2021, farebox was negatively impacted by the pandemic.

[2]Represents bus and rail ridership total boarding. Source: VTA Operations Division - June 2023 Preliminary Operating Statistics.

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

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

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

[6]The 2016 Measure B half-cent Sales Tax was approved by County voters in 2016 to fund enhancement of transit, highways, expressways and active transportation. The collection of 1/2 cent sales tax for 2016 Measure B started in April 2017; however, utilization of funds was deferred until litigation of the measure was settled in 2019.

[7]VTA receives sales tax based on the total taxable sales activity in the County.

Table 9

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Revenue Capacity - Sales Tax Rates

Ten Years Ended June 30, 2023

Fiscal Year	State	City	VTA[1]	Total
2014	6.63%	1.00%	1.12%	8.75%
2015	6.63%	1.00%	1.12%	8.75%
2016[2]	6.38%	1.25%	1.12%	8.75%
2017[3]	6.12%	1.25%	1.63%	9.00%
2018	6.12%	1.25%	1.63%	9.00%
2019	6.12%	1.25%	1.63%	9.00%
2020	6.12%	1.25%	1.63%	9.00%
2021	6.12%	1.25%	1.63%	9.00%
2022[4]	6.12%	1.375%	1.63%	9.125%
2023	6.12%	1.375%	1.63%	9.125%

[1] VTA has four specific sales tax measures approved by the voters. The 1976 half-cent sales tax measure was approved by voters in 1976 and does not have a sunset clause. The 2000 Measure A half-cent sales tax was approved in the 2000 General Election and became effective on April 1, 2006. The 30-year sales tax measure will sunset on March 31, 2036. On November 4, 2008, the voters of Santa Clara County approved 2008 Measure B. This 30-year eighth-cent sales and use tax, effective July 1, 2012, is dedicated solely to providing the operating and maintenance expenses and capital reserve contribution for the Silicon Valley BART Extension. On April 1, 2017, a half-cent sales tax also known as 2016 Measure B Sales Tax became effective in Santa Clara county for Silicon Valley Transportation Solutions Tax. There was a 0.125% increase for Bart Operation and Maintenance tax effective July 1, 2012. Effective 4/1/2013, there was a 0.125% increase for Retail Transactions and Use tax.

[2] Effective January 1, 2016, statewide base sales and use tax rate decreased by 0.25% to 6.38%, local sales and use tax under Bradley-Burns Uniform local Sales and Use Tax law increase to 1.25%.

[3] Beginning April 1, 2017, Santa Clara Transportation Solution Tax also known as 2016 Measure B Sales tax became effective.

[4] Effective July 1, 2021, local sales and use tax increased by 0.125%.

Source: California Department of Tax and Fee Administration

Table 10

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Revenue Capacity - Principal Sales Tax Payers in Santa Clara County by Segments

(In millions)

	Fiscal Year 2022[1]			Fiscal Year 2013		
Principal Revenue Payers	**Rank**	**Percentage of Taxable Sales**	**Taxable Sales Amount**	**Rank**	**Percentage of Taxable Sales**	**Amount**
Retail Trade	1	53.8 %	$ 27,494	1	53.3 %	$ 19,023
Manufacturing	2	15.1 %	7,714	2	17.1 %	6,087
Accommodation and Food Services	3	10.5 %	5,375	3	10.3 %	3,658
Construction	4	5.2 %	2,678	4	4.8 %	1,726
Agriculture, Forestry, Fishing and Hunting	5	3.6 %	1,817	5	3.5 %	1,238
Mining, Quarrying, and Oil and Gas Extraction	6	3.5 %	1,794	6	3.4 %	1,206
Utilities	7	2.2 %	1,136	7	2.4 %	843
Total All Other Outlets[2]	8	1.6 %	820	12	0.6 %	223
Educational Services	9	1.5 %	750	8	1.4 %	485
Information	10	1.0 %	504	11	0.8 %	273
Real Estate and Rental and Leasing	11	0.8 %	415	9	1.2 %	439
Other Services (except Public Administration)	12	0.7 %	364	10	0.8 %	298
Professional, Scientific, and Technical Services	13	0.5 %	280	13	0.4 %	151
Total		100.0 %	$ 51,141		100.0 %	$ 35,650

[1]2023 data is not available at the time of printing.

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

Source: California Department of Tax and Fee Administration as compiled by Avenu Insights & Analytics

Table 11

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Total Outstanding Debt by Type

Ten Years Ended June 30, 2023

(In thousands)

	Business-type Activities		Governmental Activities	
Fiscal Year	Silicon Valley Express Lanes State Route 237 Loan	1976 Sales Tax Revenue Bonds	2000 Sales Tax Revenue Bonds	Total Outstanding Debt
2014	$ —	$ 210,536	$ 983,255	$ 1,193,791
2015	—	199,054	961,711	1,160,765
2016	—	184,116	932,049	1,116,165
2017	—	168,877	901,545	1,070,422
2018	2,126	154,230	870,348	1,026,704
2019	15,287	145,182	838,218	998,687
2020	23,307	129,695	805,056	958,058
2021	23,302	113,160	769,949	906,411
2022	23,247	95,035	734,086	852,368
2023	23,177	75,623	696,670	795,470

Table 12

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity - Ratios of Outstanding Debt

Ten Years Ended June 30, 2023

Fiscal Year	Total Outstanding Debt[1] (In thousands)	Total County Taxable Sales and Express Lane Toll Revenues (In thousands)	Total Debt as a % of Taxable Sales and Toll Revenues	Personal Income[2] (In thousands)	Total Debt as a % of Personal Income	Santa Clara County Population (In thousands)	Total Debt per Capita
2014	$ 1,193,791	$ 38,318,000	3.12%	$ 141,873,705	0.84%	1,894	$ 630
2015	1,160,765	40,617,475	2.86%	158,728,715	0.73%	1,918	605
2016	1,116,165	41,202,462	2.71%	170,672,534	0.65%	1,919	582
2017	1,070,422	41,951,812	2.55%	190,001,690	0.56%	1,938	552
2018	1,026,704	42,371,330	2.42%	209,019,944	0.49%	1,947	527
2019	998,687	44,322,468	2.25%	223,624,580	0.45%	1,954	511
2020	958,058	41,965,527	2.28%	235,835,442	0.41%	1,962	488
2021	906,411	44,114,824	2.05%	261,564,583	0.35%	1,934	469
2022	852,368	51,694,818	1.65%	264,180,229	0.32%	1,895	450
2023	795,470	55,057,671	1.44%	266,822,031	0.30%	1,886	422

[1]The Total Outstanding Debt, less $24 million of debt related to the Santa Clara County Express Lanes Program, is secured by a pledge of VTA's sales tax revenues, which were approved by Santa Clara County voters as follows: The 1976 1/2 cent Sales Tax measure in 1976 and the 2000 Measure A 1/2 cent Sales Tax. Collection of the 2000 Measure A 1/2 cent Sales Tax began in April 2006.

[2]Actual personal income is available through Fiscal Year 2021. FY 2022 and 2023 assumed a 1% increase over the prior year's numbers.

Table 13

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Direct and Overlapping Debt and Debt Limitation

Santa Clara Valley Transportation Authority does not have overlapping debt with other governments or a legal debt limit.

Table 14

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Pledged Revenue Coverage – 1976 Half-Cent Sales Tax Revenue Bonds

Ten Years Ended June 30, 2023

(In thousands)

Fiscal Year	Available Sales Tax Revenue	Annual Debt Service [1] Principal	Interest[2]	Total	Coverage
2014	$ 186,431	$ 10,435	$ 9,766	$ 20,201	9.2
2015	199,221	10,705	7,965	18,670	10.7
2016	205,418	14,310	7,485	21,795	9.4
2017	209,005	14,820 [3]	7,325	22,145	9.4
2018	207,589	14,322	6,972	21,294	9.7
2019	237,869	11,403	13,060 [4]	24,463	9.7
2020	209,828	14,733	6,464	21,197	9.9
2021	220,581	15,342	5,419	20,761	10.6
2022	258,474	16,160	3,694	19,854	13.0
2023	275,288	16,910	2,347	19,257	14.3

[1] This schedule includes Senior Lien debts.

[2] FY 2021 and prior years included bond-related fees.

[3] Restated to exclude $10 million of principal payment due to refinancing activity in FY 2017.

[4] This includes $5.7 million of swap termination cost associated with the termination of three swap agreements hedging the 1976 Sales Tax 2008 bonds.

Table 15

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity – Pledged Revenue Coverage – 2000 Measure A Half-Cent Sales Tax Revenue Bonds

Ten Years Ended June 30, 2023

(In thousands)

Fiscal Year	Available Sales Tax Revenue	Annual Debt Service		Total	Coverage[2]
		Principal	Interest[1]		
2014	$ 186,302	$ 24,595	$ 43,968	$ 68,563	2.7
2015	199,653	25,775	43,458	69,233	2.9
2016	205,636	26,965	43,096	70,061	2.9
2017	208,672	28,160	42,813	70,973	2.9
2018	207,870	29,530	41,978	71,508	2.9
2019	237,874	30,575	39,868	70,443	3.4
2020	209,885	32,080	39,487	71,567	2.9
2021	220,500	33,680	36,552	70,232	3.1
2022	258,470	35,015	34,212	69,227	3.7
2023	275,288	36,460	30,907	67,367	4.1

[1] This is exclusive of interest earned from bond proceeds.

[2] Bond indenture requires VTA to maintain coverage ratio of at least 1.3.

Table 16

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Debt Capacity - Projected Pledged Revenue Coverage

(Proforma and Unaudited)

The table below presents a five-year projection of debt service coverage based on estimates of the 1976 Sales Tax Revenues for the five years ending June 30, 2024 through 2028.

1976 Sales Tax Revenues and Senior Lien Debt Service Coverage
Fiscal Years Ending June 30, 2024 – 2028 (Proforma and Unaudited)
($ in thousands)

Fiscal Year Ending June 30,	Projected Sales Tax Revenue	Percent Increase/ (Decrease)[1*]	Aggregate Debt Service[2]	Projected Coverage
2024	$ 289,760	5.26 %	$ 20,782	13.94
2025	296,538	2.34 %	20,718	14.31
2026	303,802	2.45 %	20,737	14.65
2027	311,117	2.41 %	3,873	80.33
2028	318,179	2.27 %	3,896	81.67

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, 2024 through 2028.

2000 Measure A Sales Tax Revenues and Debt Service Coverage
Fiscal Years Ending June 30, 2024 – 2028 (Proforma and Unaudited)
($ in thousands)

Fiscal Year Ending June 30,	Projected Sales Tax Revenue	Percent Increase/ (Decrease)[1*]	Aggregate Debt Service[3]	Projected Coverage[4]
2024	$ 289,760	5.26%	$ 70,387	4.12
2025	296,538	2.34%	71,069	4.17
2026	303,802	2.45%	71,259	4.26
2027	311,117	2.41%	70,880	4.39
2028	318,179	2.27%	70,442	4.52

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

[2] Includes actual debt service on the 2017 Series B and 2018 Series A Bonds. This declines in FY 2027 because 2018 bonds mature on June 1, 2026.

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

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

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

Table 17

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Population Trends

According to population estimates provided by the State of California, the number of residents in Santa Clara County decreased by approximately 0.04 % in 2023 as compared to the 2020 Census.

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

County of Santa Clara Population

	1970	1980	1990	2000	2010	2020	2023
Campbell	24,731	26,843	36,048	38,138	39,349	42,288	42,713
Cupertino	18,216	34,297	40,263	50,546	58,302	59,549	59,154
Gilroy	12,665	21,641	31,487	41,464	48,821	57,084	60,078
Los Altos	24,872	25,769	26,303	27,693	28,976	30,876	31,021
Los Altos Hills	6,862	7,421	7,514	7,902	7,922	8,413	8,380
Los Gatos	23,466	26,906	27,357	28,592	29,413	31,439	33,102
Milpitas	27,149	37,820	50,686	62,698	66,790	77,961	81,067
Monte Sereno	3,074	3,434	3,287	3,483	3,341	3,594	3,519
Morgan Hill	6,485	17,060	23,928	33,556	37,882	46,454	45,892
Mountain View	54,206	58,655	67,460	70,708	74,066	82,272	83,601
Palo Alto	55,999	55,225	55,900	58,598	64,403	69,226	67,287
San Jose	445,779	629,400	782,248	894,943	945,942	1,049,187	959,256
Santa Clara	87,717	87,700	93,613	102,361	116,468	129,104	132,476
Saratoga	27,199	29,261	28,061	29,843	29,926	31,030	30,567
Sunnyvale	95,408	106,618	117,229	131,760	140,081	156,503	156,317
Unincorporated	152,181	127,021	106,193	100,300	89,960	86,989	91,649
County Total[1]	1,066,009	1,295,071	1,497,577	1,682,585	1,781,642	1,961,969	1,886,079
California	18,136,045	23,668,145	29,760,021	33,871,648	37,253,956	39,782,870	38,940,231

[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, 2023

Year	Santa Clara County Personal Income (In thousands) [1, 2]	Santa Clara County Per Capita Personal Income [1, 2]	Unemployment Rate[3]
2014	$ 141,873,705	$ 74,883	5.2%
2015	158,728,715	82,756	3.9%
2016	170,672,534	88,920	4.0%
2017	190,001,690	98,032	3.5%
2018	209,019,944	107,877	2.9%
2019	223,624,580	115,997	2.7%
2020	235,835,442	123,661	10.7%
2021	261,564,583	138,724	5.2%
2022	264,180,229	140,111	2.2%
2023	266,822,031	141,512	3.7%

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

[2]Actual data is available through 2021. Years 2022 and 2023 data are preliminary and assume a 1% increase over prior year.

[3]California Employment Development Department. Not seasonally adjusted.

Table 19

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Wage and Salary Employment by Industry (Annual Average)

Ten Years Ended June 30, 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Civilian Labor Force[1] (In thousands)	924.0	993.7	1,018.4	1,026.5	1,041.7	1,048.8	1,053.7	1,044.6	1,071.3	1,078.2
Civilian Employment	857.5	942.3	976.1	987.9	1,008.0	1,021.5	1,027.5	990.7	1,046.9	1,038.4
Civilian Unemployment	66.5	51.4	42.3	38.6	33.7	27.3	26.2	53.9	24.4	39.9
Civilian Unemployment Rate										
County	7.2%	5.2%	4.2%	3.8%	3.2%	2.6%	2.5%	5.2%	2.2%	3.7%
State of California	8.5%	7.4%	6.2%	5.7%	4.4%	4.1%	15.1%	8.0%	4.0%	4.9%
Wage and Salary Employment[2] (In thousands)										
Total Farm Agriculture	$ 5.1	$ 3.6	$ 3.6	$ 3.9	$ 3.5	$ 3.5	$ 3.1	$ 5.9	$ 5.6	$ 5.1
Construction and Mining	37.6	38.6	42.3	47.9	48.5	48.0	51.2	50.4	54.9	56.4
Manufacturing	156.3	156.6	159.4	161.3	163.4	169.1	169.7	170.7	175.1	180.5
Transportation & Public Utilities	13.9	14.7	15.0	14.8	14.9	15.5	15.7	16.6	17.0	20.9
Wholesale Trade	36.2	36.2	36.0	37.4	35.2	31.4	31.3	28.3	28.1	28.5
Retail Trade	84.2	82.3	84.9	85.0	85.0	85.0	82.2	73.1	75.3	72.6
Finance, Insurance & Real Estate	33.9	35.1	35.0	35.2	35.8	36.8	37.4	37.4	37.5	38.0
Services	450.0	469.1	491.4	509.3	522.8	539.3	549.4	514.6	564.5	590.4
Government	93.5	92.4	89.9	91.2	92.8	94.0	94.2	90.1	96.8	98.7
Information	N/A	66.2	74.7	74.5	85.0	91.6	100.7	109.3	111.7	105.9
Total[3]	$ 910.7	$ 994.8	$1,032.2	$ 1,060.5	$ 1,086.9	$ 1,114.2	$1,134.9	$1,096.4	$1,166.5	$1,197.0

[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 2022. FY 2022 is the most recent available data.

[2]Wage and salary employment is reported by place of work. Data is benchmarked to 2022.

[3]Totals may not be precise due to independent rounding.

Sources: State of California, Employment Development Department.
Department of Finance, Statistics & Demographic Research.

Table 20

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Demographic and Economic Data - Silicon Valley Major Employers

Current Year and Nine Years Ago

The table below lists the largest employers in the Silicon Valley, which encompasses the County and surrounding areas.

		FY 2023		FY 2014	
Company Name	**Nature of Operations**	**Number of Employees**	**Rank**	**Number of Employees**	**Rank**
Tesla Motors Inc.	Electric Vehicle Designer & Manufacturer	30,000	1		
Apple Inc.	Computer Electronics	25,000	2	16,000	1
Meta Platforms Inc. (formerly Facebook Inc.)	Online Social Networking Service	22,515	3		
County of Santa Clara	County Government	20,000	4	15,800	2
Stanford University	Research University	16,963	5	11,707	5
Cisco Systems Inc.	Computer Network Equipment	11,000	6	15,633	3
Stanford Health Care	Health System	10,847	7	7,689	8
County of Santa Clara Health	Health System	10,749	8	6,462	10
University of California Santa Cruz	Public University	8,671	9		
City of San Jose	City Government	8,134	10	4,705	12
Intel Corp.	Semiconductor	8,000	11	6,277	11
LinkedIn Corp.	Employment-oriented Online Service	7,847	12		
Applied Materials Inc.	Semiconductor Equipment	7,200	13		
Stanford Children's Health	Specializes in the care of Babies, Children, Adolescents, and Expectant Mothers	5,980	14		
San Mateo County	County Government	5,905	15		
HP Inc.	Computer Hardware, Software &	5,000	16		
Gilead Sciences Inc.	Biotechnology Company	4,610	17		
Kaiser Permanente Northern California	Integrated Healthcare Delivery Plan	4,400	18	13,500	4
Adobe Inc.	Desktop publishing software	4,300	19		
Intuitive Surgical Inc.	Clinical products	3,815	20		
Lam Research Corp.	Semiconductor	3,800	21		
Amazon.com Services	Online retailer and a prominent cloud	3,748	22		
San Jose State University	Public University	3,741	23		
Lockheed Martin	Aeronautics, Missiles and Fire	3,576	24	7,000	9
Cepheid	American Molecular Diagnostics Company	3,334	25		

Source: Silicon Valley/San Jose Business Journal July 2023.

The concentration of Santa Clara County's productivity is derived primarily from numerous high-technology and healthcare systems. Public-sector employers continue to rank high among the largest employers in Silicon Valley. As depicted in the chart above, as an employer, Santa Clara County itself, continues to have the largest public-sector employee base with 20,000 workers.

Table 21
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Operating Indicators
Ten Years Ended June 30, 2023

BUS

Fiscal Year	Total Ridership	Average Weekday Ridership	Scheduled Miles	Scheduled Revenue Hours	Scheduled Revenue Miles	Passenger Miles (000's)	Peak Buses	Active Buses	Bus Fleet
2014	32,475,527	105,969	17,835,921	1,367,433	14,817,700	173,539	371	432	443
2015	32,623,599	106,214	18,435,525	1,427,554	15,247,087	174,863	384	495	540
2016	32,195,504	104,009	18,629,140	1,461,553	15,517,448	190,321	388	499	500
2017	29,057,047	94,740	18,882,700	1,480,467	15,712,674	150,429	389	460	460
2018	28,048,405	91,270	19,063,629	1,487,575	15,883,914	136,902	384	472	472
2019	27,027,678	88,165	18,967,456	1,489,857	15,761,984	134,921	382	469	469
2020	21,702,533	58,311	16,893,842	1,347,355	14,277,220	110,680	377	472	473
2021	9,709,217	29,808	14,042,304	1,093,807	12,193,351	48,473	319	459	435
2022	15,119,267	47,810	16,449,789	1,221,712	14,389,567	76,182	325	440	440
2023	19,266,953	61,541	17,160,589	1,280,421	14,968,655	91,726	330	442	442

LIGHT RAIL

Fiscal Year	Total Ridership	Average Weekday Ridership	Total Miles	Total Hours	Train Revenue Miles	Passenger Miles (000's)	Peak Cars	Light Rail Fleet
2014	10,952,965	35,102	2,205,492	139,021	2,057,106	61,631	57	99
2015	11,320,497	34,935	2,232,077	152,821	2,081,092	60,717	59	99
2016	10,722,932	33,301	2,235,167	140,000	2,077,964	54,655	59	99
2017	9,132,084	29,262	2,243,377	139,489	2,081,289	47,937	59	99
2018	8,507,095	27,361	2,094,690	143,136	2,093,852	46,981	57	99
2019	8,437,926	27,090	2,157,184	146,197	2,156,537	49,402	57	98
2020	6,265,775	25,909	1,826,589	123,666	1,735,787	33,325	61	98
2021	2,166,897	6,606	1,463,035	112,226	1,450,239	13,971	46	98
2022	2,345,965	7,171	1,479,384	109,339	1,371,957	12,469	46	98
2023	4,141,842	12,809	2,008,673	143,241	1,877,815	22,192	54	98

Sources: VTA Operations Division - August 2023 Fact Sheets and June 2023 Preliminary Summary of Operating Statistics.

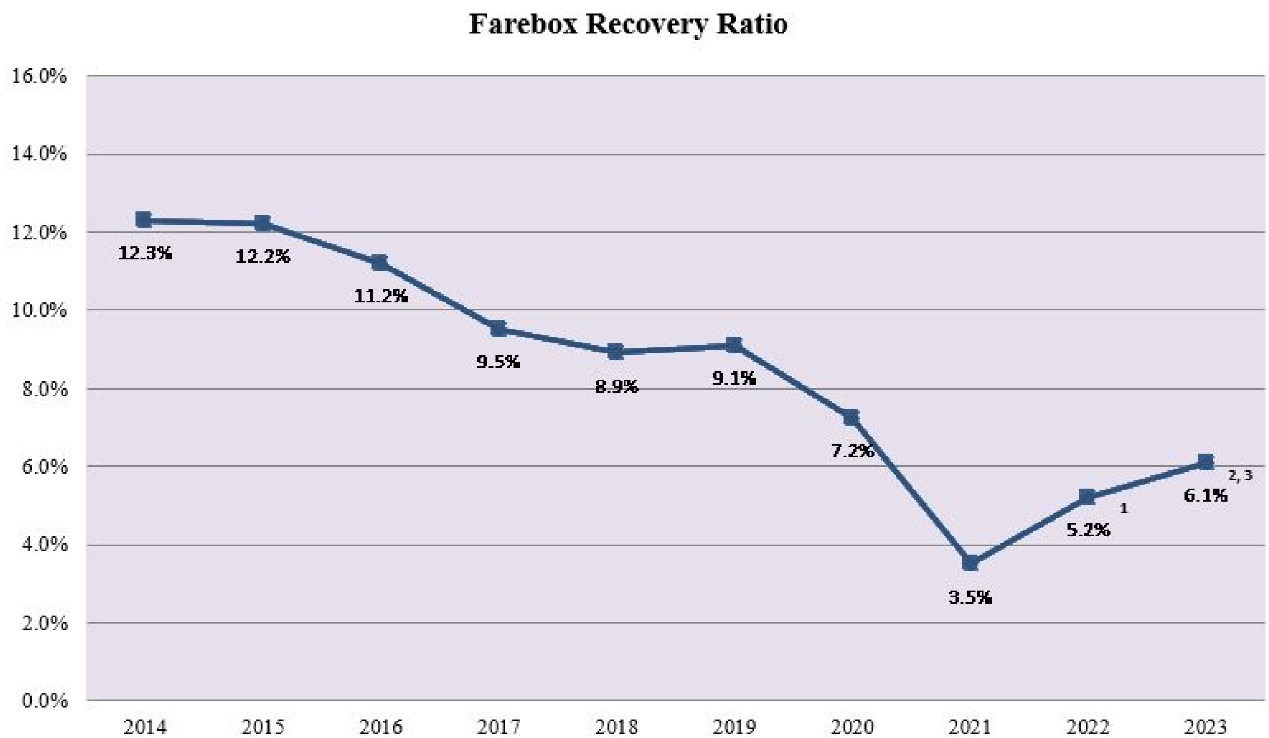
Table 22

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Farebox Recovery Ratio

Ten Years Ended June 30, 2023

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.



	2014	2015	2016	2017	2018	2019	2020	2021	2022 [1]	2023 [2,3]
Farebox Recovery Ratio	12.3%	12.2%	11.2%	9.5%	8.9%	9.1%	7.2%	3.5%	5.2%	6.1%
Farebox Revenue (In thousands)	$ 38,372	$ 39,108	$ 37,663	$ 33,719	$ 34,511	$ 35,773	$ 27,318	$ 13,075	$ 20,885	$ 26,103
Operating Expenses (In thousands)	311,287	319,978	335,140	354,494	387,109	393,038	378,157	377,463	398,629	428,403

[1] Based on audited NTD data.

[2] Based on proforma and unaudited NTD data.

[3] Increase in farebox revenue was primarily a result of growth in ridership from the prior year due to better economic performance and increased service level (in support of the 2023 Transit Service Plan). Farebox recovery ratio improved despite increases in operating expenses. The increase in Operating Expenses was attributed to labor cost from salary adjustments per the various collective bargaining agreements, rise in diesel prices, more material usage due to increased service level as VTA restored service across the network, and procurement of professional services for consulting and advisory services relative to coaching, fiscal sustainability and critical event management.

Table 23

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Revenue Miles

Ten Years Ended June 30, 2023

The following chart shows total vehicle miles in revenue service:

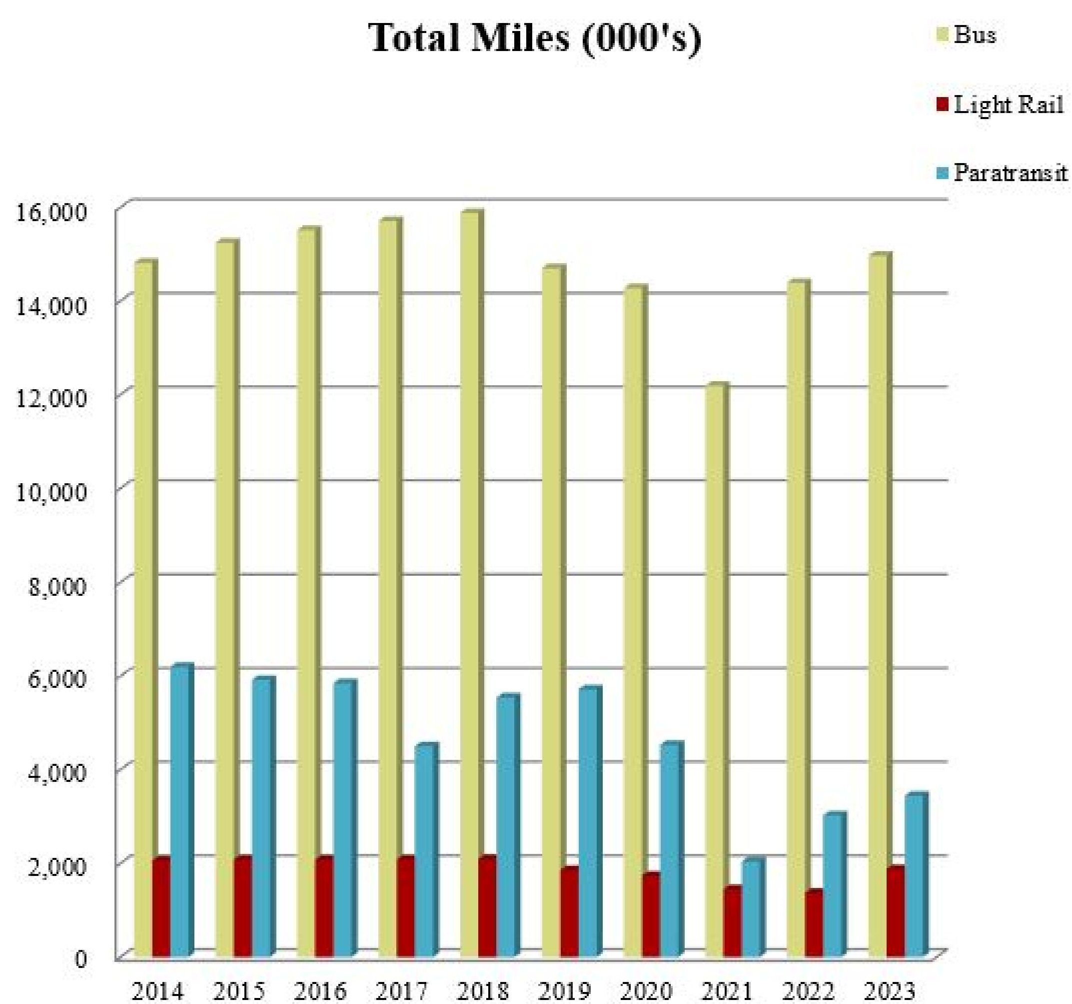


Table 24
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Passenger Miles
Ten Years Ended June 30, 2023

Passenger mile statistics are presented in the chart below. In FY 2023 the total passenger miles increased by 28.4 % from FY 2022.

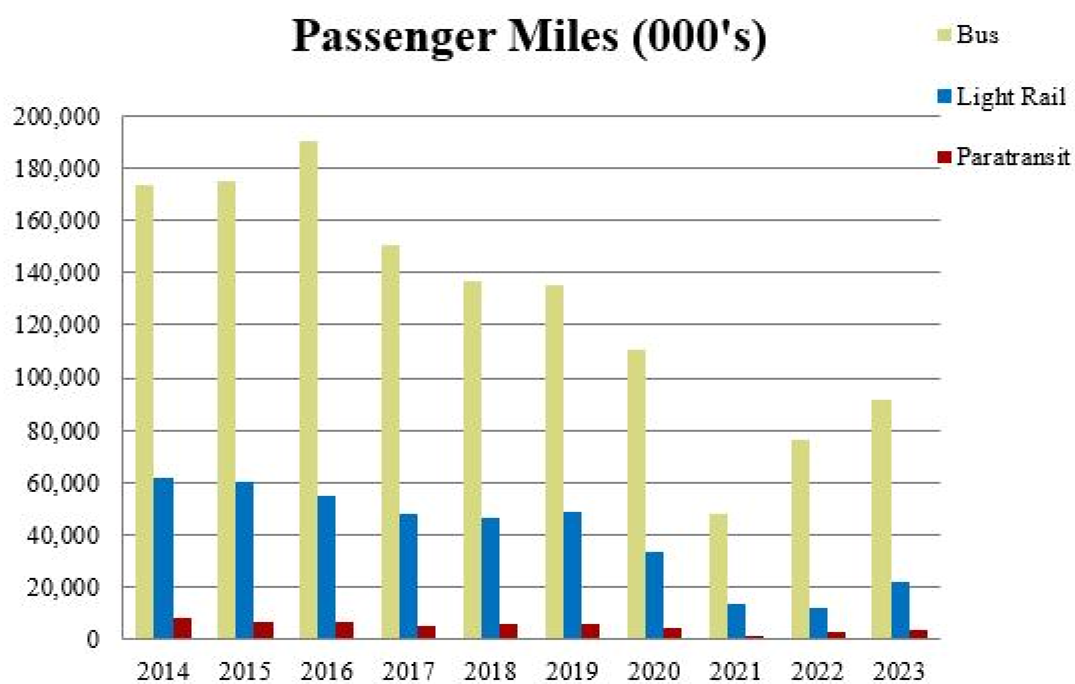


Table 25

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Selected Statistical Data

Ten Years Ended June 30, 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
FAREBOX REVENUE ($000's)[1,2]	$ 38,372	$ 39,108	$ 37,663	$ 34,783	$ 36,555	$ 38,061	$ 28,816	$ 15,243	$ 26,103	$ 34,855
VEHICLE REVENUE MILES (000's)										
BUS	14,818	15,247	15,517	15,713	15,884	15,761	14,277	12,193	14,389	14,969
LIGHT RAIL	2,057	2,081	2,078	2,081	2,094	2,156	1,736	1,450	1,371	1,372
PARATRANSIT	6,196	5,922	5,851	4,503	5,544	5,718	4,531	2,041	3,026	3,445
PASSENGER MILES (000's)										
BUS	173,539	174,863	190,321	150,429	136,902	134,921	110,680	48,473	76,182	91,726
LIGHT RAIL	61,632	60,717	54,980	47,937	46,981	49,402	33,325	13,971	12,469	22,192
PARATRANSIT	8,097	6,827	6,493	5,318	6,338	5,760	4,458	1,400	2,774	3,438
FLEET SIZE										
BUS	443	540	500	460	472	469	473	435	440	442
LIGHT RAIL	99	99	99	99	99	98	98	98	98	98
CASH FARE SINGLE RIDE										
ADULT	$ 2.00	$ 2.00	$ 2.00	$ 2.00	$ 2.25	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
YOUTH	$ 1.75	$ 1.75	$ 1.75	$ 1.75	$ 1.00	$ 1.25	$ 1.25	$ 1.25	$ 1.25	$ 1.25
SENIOR	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00	$ 1.00

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

[2]FY 2021 includes Fares from Bart Extension Services.

Sources: VTA Operations Division - August 2023 Fact Sheets and June 2023 Preliminary Summary of Operating Statistics.

Table 26

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - System Data

As of June 30, 2023

URBANIZED AREA (UZA):

346 Square Miles

ROUTES

Type of Route	Number of Routes
Local	23
Express	5
Rapid	4
Frequent	15
Other	11
Total	58

HOURS OF OPERATION

Monday-Sunday	24 hours

PARK AND RIDE LOTS:

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

FACILITIES

Type of Facility	Number of Facilities
Bus Stops	3,235
Shelters	606
Benches	2,154
Trash Receptacles	998
Transit Centers	30

Source: VTA Operations Division - August 2023 Fact Sheets.

Table 27

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information – Employee Headcount

Ten Years Ended June 30, 2023

Fiscal Year[1]	Operations	Planning & Programming[2]	Finance, Budget & Real Estate[3]	Planning & Engineering[4]	SVRT Program[5]	External Affairs[6]	Office of the Chief of Staff[6]	HR and Procurement[7]	Safety & Compliance[8]	General Counsel	General Manager	Total
2014	1,687	42	69	79	6	37	25	138	NA	12	5	2,100
2015	1,724	43	74	81	NA	4	55	135	30	13	5	2,164
2016	1,758	50	75	74	NA	26	NA	192	33	13	11	2,232
2017	1,761	50	76	74	NA	30	41	196	NA	14	2	2,244
2018	1,795	48	73	86	NA	4	75	173	NA	13	10	2,277
2019	1,690	NA	251	96	NA	54	NA	NA	24	14	16	2,145
2020	1,668	42	246	62	NA	54	NA	NA	22	13	15	2,122
2021	1,607	43	285	61	NA	52	NA	23	NA	12	20	2,103
2022	1,648	41	245	59	NA	51	NA	20	NA	13	23	2,100
2023[9]	1,787	53	216	56	NA	56	NA	25	NA	14	13	2,220

[1]Employee headcount as provided by Human Resources department. FY 2023 excludes 235 Vacant Positions and 36 Employees on Long Term Leave, Union Business or Extra Help.

[2]As a result of the change of the organization in FY2019, Planning & Programming is now combined with Engineering & Transportation Program Delivery, and the division is renamed to Planning & Engineering.

[3]Due to reorganization in FY2019, Finance & Budget was renamed Office of the GM/CFO, which also encompasses Information Technology, Risk Management, Grants, and other various departments. In FY 2022, this division was renamed Finance, Budget and Real Estate.

[4]Previously called Engineering & Transportation Program Delivery prior to the FY2019 reorganization.

[5]In FY2015, Engineering & Construction Program merged with SVRT Program to form Engineering & Transportation Infrastructure Development, which became the Planning & Engineering division in FY2019.

[6]In FY2019, Government Affairs was renamed to External Affairs. The Office of the Chief of Staff was moved to External Affairs in FY2019.

[7]Previously referred to as Administrative Service Division, as a result of the reorganization in FY 2014. After the September 2015 reorganization, some personnel from the Chief of Staff Division and Operation Division were transferred to Business Services. Due to the FY2019 reorganization, Business Services formed a subdivision called HR & Procurement. Information Technology, which was previously reported under Business Services, shifted to the Office of the Deputy GM/CFO.

[8]Due to reorganization in FY2019, Safety & Compliance was removed from Chief of Staff and became a separate Division.

[9]FY2023 continued headcount decreases in Finance, Budget & Real Estate and increases in Operations reflect Operator Trainees who began training in the Administrative Services Division, and upon successful completion, promoted to Operator positions in the Operations Division. FY 2023 also had additions and deletions of various positions to meet current business needs as well as an internal reorganization to move the Office of Civil Rights and Employee Relations from the General Manager's Office to Human Resources.

Table 28

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Operating Information - Capital Assets

Ten Years Ended June 30, 2023

(In thousands)

	2014	2015	2016	2017[1]	2018	2019	2020	2021	2022	2023
Capital assets, not being depreciated:										
Land and right of way	$1,126,373	$1,124,646	$1,126,359	$1,126,872	$1,126,872	$1,126,796	$1,714,243	$1,848,342	$1,850,218	$1,847,157
Construction in Progress	1,728,066	2,177,750	2,611,823	2,906,098	3,131,777	3,353,507	1,179,070	1,019,068	1,067,584	1,248,018
Total capital assets, not being depreciated	2,854,439	3,302,396	3,738,182	4,032,970	4,258,649	4,480,303	2,893,313	2,867,410	2,917,802	3,095,175
Capital assets, being depreciated/ amortized:										
Right to use assets	—	—	—	—	—	—	—	—	2,426	2,206
Intangible Assets	—	—	—	2,203	2,203	2,203	2,203	—	—	—
Buildings, improvements, furniture and fixtures	516,184	548,139	569,079	586,041	592,244	600,054	1,518,642	1,676,511	1,730,928	1,740,007
Vehicles	488,229	566,821	553,886	586,754	618,806	661,753	758,045	779,400	800,249	803,224
Light-rail tracks and electrification	415,905	415,905	418,195	418,195	418,194	418,194	1,052,757	1,080,947	1,121,304	1,185,153
Caltrain – Gilroy extension	43,072	43,072	43,072	43,072	43,072	43,072	53,790	53,790	53,790	53,790
Other operating equipment	46,062	47,156	47,289	47,561	48,890	50,035	50,442	54,176	82,705	84,600
Leasehold Improvement	9,686	9,686	9,686	9,686	9,686	9,686	9,851	9,851	9,851	9,851
Total capital assets, being depreciated	1,519,138	1,630,779	1,641,207	1,693,512	1,733,095	1,784,997	3,445,730	3,654,675	3,801,253	3,878,831
Less accumulated depreciation/ amortization										
Total accumulated depreciation/ amortization	(768,364)	(833,095)	(881,683)	(950,005)	(1,006,414)	(1,069,031)	(1,152,951)	(1,325,210)	(1,513,455)	(1,702,114)
Total capital assets, being depreciated/ amortized, net	750,774	797,684	759,524	743,507	726,681	715,966	2,292,779	2,329,465	2,287,798	2,176,717
Total capital assets, net	$3,605,213	$4,100,080	$4,497,706	$4,776,477	$4,985,330	$5,196,269	$5,186,092	$5,196,875	$5,205,600	$5,271,892

Source: Annual Comprehensive Financial Report

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

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