



Federal Awards Reports in Accordance
with the Uniform Guidance
June 30, 2023

Santa Clara Valley Transportation Authority

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities, the governmental activities, each major fund, and the aggregate fund information of Santa Clara Valley Transportation Authority (VTA) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise VTA's basic financial statements, and have issued our report thereon dated October 31, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California
October 31, 2023



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

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Santa Clara Valley Transportation Authority’s (VTA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of VTA’s major federal program for the year ended June 30, 2023. VTA’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, VTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

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

We have audited the financial statements of the business-type activities, governmental activities, each major fund and the aggregate remaining fund information of VTA as of and for the year ended VTA, and the related notes to the financial statements, which collectively comprise VTA’s basic financial statements. We issued our report thereon dated October 31, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Menlo Park, California
October 31, 2023

Santa Clara Valley Transportation Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number	Program Award	Federal Receivable at June 30, 2022	Expenditures - Federal Share			Receipts			Federal Receivable at June 30, 2023
					Cumulative Prior to July 1, 2022	July 1, 2022 through June 30, 2023	Cumulative through June 30, 2023	Cumulative Prior to July 1, 2022	July 1, 2022 through June 30, 2023	Cumulative through June 30, 2023	
U.S. Department Of Transportation											
Federal Transit Cluster:											
Federal Transit Capital Investment Grants:											
Direct Grant	20.500	CA-03-0512	\$ 12,945,714	\$ 20,955	\$ 12,874,536	\$ -	\$ 12,874,536	\$ 12,853,581	\$ 784	\$ 12,854,365	\$ 20,171
Direct Grant	20.500	CA-03-0818	889,180,992	4,049,626	825,695,364	1,064,253	826,759,617	821,645,738	8,111,854	829,757,592	(2,997,975)
Direct Grant	20.500	CA-04-0242	600,000	983	599,700	301	600,001	598,718	1,283	600,001	-
Direct Grant	20.500	CA-05-0210	16,373,987	80,870	15,277,544	33,247	15,310,791	15,196,674	112,538	15,309,212	1,579
Direct Grant	20.500	CA-05-0274	1,580,000	1,837	17,273	737,526	754,799	15,436	383,689	399,125	355,674
Total Federal Transit Capital Investment Grants			920,680,693	4,154,271	854,464,417	1,835,327	856,299,744	850,310,147	8,610,148	858,920,295	(2,620,551)
Federal Transit Formula Grants:											
Direct Grant	20.507	CA-95-0216	2,300,065	433	1,476,723	-	1,476,723	1,476,289	434	1,476,723	-
Direct Grant	20.507	CA-2016-075	42,983,161	1	23,571,535	-	23,571,535	23,571,535	-	23,571,535	-
Direct Grant	20.507	CA-2018-011	1,129,000	-	-	1,478	1,478	-	764	764	714
Direct Grant	20.507	CA-2018-018	26,648,184	-	5,860,800	-	5,860,800	5,860,800	-	5,860,800	-
Direct Grant	20.507	CA-2018-046	500,000	-	499,883	-	499,883	499,883	-	499,883	-
Direct Grant	20.507	CA-2018-131	25,132,841	-	3,831,392	-	3,831,392	3,831,392	-	3,831,392	-
Direct Grant	20.507	CA-2018-150	3,440,000	1	3,439,982	-	3,439,982	3,439,982	-	3,439,982	-
Direct Grant	20.507	CA-2018-152	2,768,555	1	2,768,048	-	2,768,048	2,768,048	-	2,768,048	-
Direct Grant	20.507	CA-2019-047	845,000	(2)	618,838	3,080	621,918	618,840	2,053	620,893	1,025
Direct Grant	20.507	CA-2019-152	27,781,110	151,396	7,778,438	208,970	7,987,408	7,627,042	349,408	7,976,450	10,958
Direct Grant	20.507	CA-2020-129	1,308,909	(1)	38,755	836,245	875,000	38,756	227,562	266,318	608,682
Direct Grant	20.507	CA-2021-043 P#	25,460,905	11,465	766,770	685,759	1,452,529	755,305	655,691	1,410,996	41,533
Direct Grant	20.507	CA-2021-043 ADA	3,970,716	-	3,970,716	-	3,970,716	3,970,716	-	3,970,716	-
Direct Grant	20.507	CA-2021-207 ADA	4,312,995	-	4,312,995	-	4,312,995	4,312,995	-	4,312,995	-
Direct Grant	20.507	CA-2021-207 P#	38,863,978	1,986	6,955	150,062	157,017	4,969	139,402	144,371	12,646
Passthrough MTC	20.507	MTC/STP Agreement	10,900,000	530,134	10,338,052	3,164,846	13,502,898	9,807,918	1,268,367	11,076,285	2,426,613
Direct Grant	20.507	CA-2022-146 ADA	5,224,040	4,032,995	4,032,995	1,191,045	5,224,040	-	5,224,040	5,224,040	-
Direct Grant	20.507	CA-2022-146 P#	42,337,143	-	-	-	-	-	-	-	-
Direct Grant	20.507	CA-2022-030	2,059,112	9,760	10,787	20,667	31,454	1,026	30,428	31,454	-
Direct Grant	20.507	CA-2022-106	1,987,000	-	-	11,875	11,875	-	9,659	9,659	2,216
Direct Grant	20.507	CA-2023 xxx ADA	5,333,674	-	-	-	-	-	-	-	-
Direct Grant	20.507	Ops-Sec5311 FY22	91,600	-	-	91,600	91,600	-	91,600	91,600	-
Total Federal Transit Formula Grants			275,377,988	4,738,169	73,323,664	6,365,627	79,689,291	68,585,496	7,999,408	76,584,904	3,104,387

Santa Clara Valley Transportation Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Continued from pervious page

Federal Grantor/Pass-through Grantor/ Program Title or Cluster Title	Federal Financial Assistance Listing / Federal CFDA Number	Pass-through Entity Identifying Number	Program Award	Federal Receivable at June 30, 2022	Expenditures - Federal Share			Receipts			Federal Receivable at June 30, 2023
					Cumulative Prior to July 1, 2022	July 1, 2022 through June 30, 2023	Cumulative through June 30, 2023	Cumulative Prior to July 1, 2022	July 1, 2021 through June 30, 2023	Cumulative through June 30, 2023	
State of Good Repair Grants Program											
Direct Grant	20.525	CA-54-0036	19,064,021	37,001	16,864,633	834,489	17,699,122	16,827,632	772,203	17,599,835	99,287
Direct Grant	20.525	CA-2016-084	8,977,500	27,585	8,977,421	79	8,977,500	8,949,836	12,329	8,962,165	15,335
Direct Grant	20.525	CA-2018-007	19,682,605	272,592	11,202,631	816,245	12,018,876	10,930,039	944,736	11,874,775	144,101
Direct Grant	20.525	CA-2018-081	31,151,331	798,614	19,017,964	3,094,023	22,111,987	18,219,350	2,897,284	21,116,634	995,353
Direct Grant	20.525	CA-2020-007	24,539,601	19,518	517,951	3,397,669	3,915,620	498,433	491,478	989,911	2,925,709
Direct Grant	20.525	CA-2021-037	22,837,952	(8,185)	458,824	157,176	616,000	467,009	173,110	640,119	(24,119)
Direct Grant	20.525	CA-2021-211	24,564,389	4,132	4,132	1,332,300	1,336,432	-	639,898	639,898	696,534
Direct Grant	20.525	CA-2022-118	3,260,857	-	-	-	-	-	-	-	-
Direct Grant	20.525	CA-2022-148	29,279,500	-	-	2,692,004	2,692,004	-	14,832	14,832	2,677,172
Total State of Good Repair Grants Program			183,357,756	1,151,257	57,043,556	12,323,985	69,367,541	55,892,299	5,945,870	61,838,169	7,529,372
Total Federal Transit Cluster			1,379,416,437	10,043,697	984,831,637	20,524,939	1,005,356,576	974,787,942	22,555,426	997,343,368	8,013,208
Highway Planning and Construction/Cluster:											
Passthrough California State Department of Transportation	20.205	HPLUL-6264(065)	1,920,655	9,075	1,756,663	14,416	1,771,079	1,747,588	23,490	1,771,078	1
Passthrough California State Department of Transportation	20.205	STPL-6264(075)	998,280	578	962,904	-	962,904	962,326	-	962,326	578
Passthrough California State Department of Transportation	20.205	STPL-6264(074)	990,315	(39)	925,574	-	925,574	925,613	-	925,613	(39)
Passthrough California State Department of Transportation	20.205	FERPL - 6264(087)	3,278,275	412,753	2,131,742	467,881	2,599,623	1,718,989	660,544	2,379,533	220,090
Total Highway Planning and Construction/Cluster			7,187,525	422,367	5,776,883	482,297	6,259,180	5,354,516	684,034	6,038,550	220,630
Formula Grants for Rural Areas - COVID 19 Direct Grant	20.509	Ops-Sec5311 CRRSSA	288,953	287,953	287,953	1,000	288,953	-	288,953	288,953	-
Public Transportation Innovation Direct Grant	20.530	CA-2020-220	350,000	-	-	60,563	60,563	-	55,807	55,807	4,756
Total U.S. Department of Transportation			1,387,242,915	10,754,017	990,896,473	21,068,799	1,011,965,272	980,142,458	23,584,220	1,003,726,678	8,238,594
Total			\$ 1,387,242,915	\$ 10,754,017	\$ 990,896,473	\$ 21,068,799	\$ 1,011,965,272	\$ 980,142,458	\$ 23,584,220	\$ 1,003,726,678	\$ 8,238,594

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Santa Clara Valley Transportation Authority (VTA) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of VTA, it is not intended to and does not present the financial position, net position, or cash flows of VTA.

The program titles and federal financial assistance listing numbers are obtained from the federal or pass-through grantor or the Catalog of Assistance Listing Numbers (ALN). When no ALN number is assigned to a program, the two-digit federal agency identifier and the federal contract number are used. When there is no federal contract number, the two-digit federal agency identifier and the word "unknown" is used.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Note 4 - Relationship to Financial Statements

VTA's federal awards are reported as follows in the financial statements for the year ended June 30, 2023:

Federal grant revenues, as reported in financial statements		
Enterprise funds	\$	16,357,371
Special revenue and capital projects funds		4,711,427
Total federal grants revenue and expenditures of federal awards	\$	21,068,798

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Schedule of Prior Audit Findings

None reported.