



FINAL REPORT

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# Santa Clara Valley Transportation Authority

## 2016 MEASURE B PERFORMANCE AUDIT FOR FISCAL YEAR 2023-2024

July 21, 2025

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MOSSADAMS

**July 21, 2025**

2016 Measure B Citizens' Oversight Committee  
Santa Clara Valley Transportation Authority  
3331 North First Street  
San Jose, CA 95134

Subject: 2016 Measure B Sales Tax Performance Audit Report for Fiscal Year 2023–2024

Dear Members of the Committee:

Thank you for the opportunity to perform the performance audit relating to the Santa Clara Valley Transportation Authority (VTA) 2016 Measure B Sales Tax Program (2016 Measure B, or the Program), as required by the ballot language mandating that annual audits be conducted by an independent auditor. Requirements specify that proceeds are to be expended consistent with the approved 2016 Measure B ballot language, and that program categories are to be administered in accordance with program guidelines and policies to be developed and approved by the VTA Board of Directors (the Board). This report summarizes the results of our review.

Moss Adams LLP conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), as outlined in our agreement. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and audit results based on our audit objectives. The scope of this engagement is outlined in the body of our report. We developed this report based on information from our review of 2016 Measure B records for fiscal year 2023–2024.

We would like to express our appreciation to the 2016 Measure B Citizens' Oversight Committee and members of VTA's staff for their cooperation throughout this performance audit. We appreciate the opportunity to help you monitor and continuously improve your oversight of program performance. Please do not hesitate to contact us if you have any questions or need further assistance regarding this important matter.

Sincerely,



Moss Adams LLP  
Campbell, CA

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# I. EXECUTIVE SUMMARY

Moss Adams LLP (Moss Adams) conducted this 2016 Measure B performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. The performance audit procedures applied provided reasonable assurance, in accordance with GAGAS and 2016 Measure B documents, that for fiscal year (FY) 2023–2024 (July 1, 2023 through June 30, 2024), 2016 Measure B tax revenues were expended only on costs identified in the -voter approved 2016 Measure B ballot.

Based on our procedures, we identified several commendable practices at VTA that should be celebrated:

- Expenditure and proceeds issuance documentation are effectively sourced, maintained, and managed.
- Public meetings of the 2016 Measure B Citizens' Oversight Committee (MBCOC) are held to provide the forum to receive public input.
- MBCOC meeting minutes are posted on the VTA website.
- 2016 Measure B policies and procedures define approval authority for invoices, contracts, and change orders to ensure appropriate review and controls were in place.
- Dashboards showing year-to-date 2016 Measure B spending by program category are on the VTA website.
- Strong collaboration among 2016 Measure B personnel and accounting was observed.
- Updates to Transit Operations program category spending promote transparency and accountability.

In addition, we evaluated the effectiveness and efficiency of internal controls based on our objectives to provide an analysis of 2016 Measure B, so that those charged with governance and oversight can use the information to improve 2016 Measure B performance and operations and noted no exceptions. We noted the following opportunities for VTA to consider additional actions to further enhance program transparency, efficiency, and effectiveness:

- Continue to review VTA's application of the Board-approved 2016 Measure B Principles in allocation determinations.
- Conduct procurement review procedures on VTA contracts funded by 2016 Measure B to ensure competitive processes and procedures that support overall budget and cost management.
- Conduct audits of grantees to ensure they procure goods and services funded by 2016 Measure B revenues in accordance with public contracting code and expended in conformance with VTA budget authorizations and 2016 Measure B requirements.
- Conduct construction compliance reviews on Guaranteed Maximum Price contract types to support cost compliance and overall program cost management.
- Evaluate and plan for project oversight needs specific to engineering and project delivery for 2016 Measure B projects as the Program continues to ramp up.
- Enhance reporting to specifically show how 2016 Measure B funds have improved bus service as described in the ballot language, such as hours and dollar amounts directly attributable to

2016 Measure B funds and associated operational improvements. Consider including this evaluation in subsequent annual audits.

- Incorporate a capital plan budget control review of actual and planned expenditures compared against revenue projections for the 30-year period of the Program into subsequent annual audits.

The following table provides 2016 Measure B revenue earned, income earned, expenditures by program category, and administrative costs for FY 2023–2024.

2016 MEASURE B REVENUE EARNED, INCOME EARNED, EXPENDITURES BY PROGRAM CATEGORY, AND ADMINISTRATIVE COSTS FOR FY 2023–2024			
Revenue, Income, and Expenditures Category	FY 2022–2023 Amount	FY 2023–2024 Amount	Year over Year Change (%)
Revenue Earned	\$272,987,913	\$266,617,738	-2%
Interest Earned & Realized Investment Gain/(Loss)	\$16,212,004	\$33,515,090	107%
Unrealized Investment Gain/(Loss)	\$2,754,547	\$15,944,682	479%
<b>Expenditure by Program Category:</b>			
VTA's BART Silicon Valley Phase II. <sup>1</sup>	\$46,370,085	\$320,516,282	591%
Bicycle and Pedestrian Program	\$3,624,074	\$10,167,082	181%
Caltrain Corridor Capacity Improvements	\$1,586,717	\$3,062,866	93%
Caltrain Grade Separation	\$263,534	\$7,450,494	2727%
County Expressways	\$10,121,038	\$2,837,077	-72%
Highway Interchanges	\$32,017,130	\$31,037,675	-3%
Local Streets and Roads	\$38,115,224	\$69,307,418	82%
Transit Operations	\$19,085,929	\$20,003,285	5%
State Route 85 Corridor	\$927,976	\$646,173	-30%
Administrative Cost	\$2,469,146	\$2,198,790	-11%
<b>Total Expenditures for FY 2023–2024</b>	<b>\$154,580,853</b>	<b>\$467,227,142</b>	<b>202%</b>

<sup>1</sup> The 2016 Measure B ballot established a specific expenditure limit for VTA's BART Silicon Valley Extension Phase II of a maximum of 25% of 2016 Measure B Program tax revenues. This limit applies to the 30-year life of the Program and not any individual year or period within that 30-year lifespan. VTA has indicated that 2016 Measure B Program staff monitor each 2016 Measure B project and subprogram within the overall Program to ensure that the ballot-defined limit will not be exceeded at the conclusion of the measure. Planned future enhancement include annual public reporting of the actual plus planned expenditures compared against revenue projections for the 30-year period of the Program.

We reconciled revenue and expenditure amounts to the Annual Comprehensive Financial Report (ACFR) for Fiscal Year Ended June 30, 2024, according to the Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds schedule for 2016 Measure B, found on page 2–28 of the ACFR. Sales tax revenue and investment earnings were compared to the amounts reported by VTA. Total expenditures align with sum of the Total Expenditure and Transfers Out lines.

## II. BACKGROUND INFORMATION

### A. VTA'S 2016 MEASURE B PROGRAM

In 2016, voters approved 2016 Measure B for VTA “to repair potholes and fix local streets; finish the BART extension through downtown San Jose and to Santa Clara; improve bicycle and pedestrian safety; increase Caltrain capacity, in order to ease highway congestion, and improve safety at crossings; relieve traffic on the expressways and key highway interchanges; and enhance transit for seniors, students, low-income, and disabled” by imposing a \$0.005 (one-half of one-cent) retail transactions and use tax upon every retailer in Santa Clara County that will be in effect for 30 years. As of April 2017, the present value of 2016 Measure B’s tax revenues was forecasted to be approximately \$6.3 billion.

The 2016 Measure B ballot specifies VTA as the administrator of the sales tax. It further specifies that VTA administers this tax by establishing a program and developing guidelines to allocate 2016 Measure B tax revenues to the following categories of transportation projects:

- BART Silicon Valley Phase II
- Bicycle and Pedestrian Program
- Caltrain Corridor Capacity Improvements
- Caltrain Grade Separations
- County Expressways
- Highway Interchanges
- Local Streets and Roads
- State Route 85 Corridor
- Transit Operations

The VTA Board of Directors adopted guidelines for overall program administration for each of these nine program categories at the October 2017 and November 2017 meetings, and revised them in August 2023. These guidelines are intended to direct the implementation of each program category and propose how the program category funds should be allocated. In addition, the VTA Board of Directors approves the annual or biennial budget for each program category, which should align with lifetime expenditure limits established by the 2016 Measure B.

In 2023–2024, VTA accounting records for FY showed 2016 Measure B expenditures of \$467,227,141. We agreed this amount to expenditures reported on the 2024 ACFR to verify the completeness and accuracy of records provided.

## **B. ACCOUNTABILITY REQUIREMENTS**

2016 Measure B ballot language requires VTA to appoint an independent citizen's oversight committee. The MBCOC is responsible for ensuring that funds are expended consistent with the approved program and associated expenditure guidelines. On an annual basis, the MBCOC organizes an independent audit to review the receipt of revenue and expenditure of funds. The MBCOC also holds public hearings and issues an annual report to inform Santa Clara County residents how the funds are being spent.



### III. OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objective of this performance audit was to verify VTA's compliance with 2016 Measure B, which requires its tax revenues be allocated and used for the nine approved program categories, as defined in ballot language. Our performance audit procedures cover the period of July 1, 2023 through June 30, 2024.

The full list of performance audit objectives (as specified by VTA and agreed upon for this performance audit), scope of our audit, and methodology applied included the following.

#### A. OBJECTIVES

##### **Objective No. 1: Conduct an Annual Compliance Performance Audit**

We conducted an annual performance audit of 2016 Measure B revenues and expenditures to render our opinion on whether expenditures during the audit period were spent in conformance with 2016 Measure B requirements. We reviewed 2016 Measure B's financial records and expenditures for FY 2023–2024 to verify that funds were used for approved purposes, as set forth in the ballot language and Board-approved expenditure guidelines.

We reviewed 2016 Measure B's financial records and expenditures by obtaining the ACFR and comparing the balances to VTA's detailed accounting records. We analyzed control processes, tested the 2016 Measure B expenditure cycle, and sampled supporting documentation to validate internal controls. We used Audit Command Language (ACL) to select a statistical, monetary unit sample to provide confidence that expenditure transactions from 2016 Measure B were compliant with program and legal requirements. We tested 62 expenditures totaling \$442,864,371, or 94.8% of the total expenditures (\$442,864,371/\$467,227,141). The sampled expenditures included program costs from the following program categories: Bart Phase II, Local Streets & Roads, Highway Interchanges, Caltrain Grade Separation, Bicycle & Pedestrian, County Expressways, Transit Operations, and Caltrain Corridor Separation. These transactions were comprised of payments to partner agencies (including local cities, County of Santa Clara, and other regional transportation agencies such as Caltrain) and vendors, journal entries of interfund transfers, and program administrative costs. We tested to verify that:

- Expenditures aligned with one of the nine program categories, as outlined in the 2016 Measure B ballot language
- Expenditures were allowable according to applicable expenditure guidelines approved by the VTA Board of Directors

We interviewed VTA and program administration personnel and analyzed key documentation to assess the design of controls over 2016 Measure B expenditures. This included the review, authorization, and oversight of expenditures, contracts executed with other regional stakeholders including VTA member agencies, accounting for sales and use tax proceeds issued, and payments made and recorded for FY 2023–2024. The documents we analyzed to assess 2016 Measure B risk and control design included:

- 2016 Measure B ballot language

- 2016 Measure B expenditure guidelines
- VTA Board-approved budget memos
- MBCOC meeting agendas and minutes
- Applicable partner agency contract documentation (e.g., local cities, County of Santa Clara, BART, Caltrain)
- Accounting for 2016 Measure B proceeds and supporting documentation for expenditures taken from VTA's books and records
- Review of 2016 Measure B expenditures (for FY 2023–2024) and voter-approved ballot language

**Objective No. 2: Report 2016 Measure B Revenue Earned, Income Earned, Expenditures by Program Category, Administrative Cost, and Debt Service and/or Costs of Borrowing**

We reported 2016 Measure B's revenue earned, income earned, expenditures by program category, administrative cost, and debt service and/or costs of borrowing. We made note of any changes to program categories and/or the maximum approved allocations therein based on 2016 Measure B's financial records.

## **B. SCOPE AND METHODOLOGY**

The performance audit covered the most recently completed fiscal year (2023–2024). Moss Adams attended the MBCOC meeting on November 18, 2024, presented the proposed audit plan and deliverables schedule, and addressed MBCOC member questions and concerns. We coordinated with VTA on the specific schedule for conducting audit fieldwork. We conducted an exit meeting with VTA staff (February 19, 2025) and the MBCOC (April 18, 2025) to review issues and obtain further information as necessary.

Moss Adams prepared a draft audit report based on our findings and auditor opinions and provided it to VTA management on February 10, 2025 and the MBCOC on February 12, 2025. Following exit meetings, Moss Adams incorporated changes as appropriate to the draft report, which was then finalized and electronically submitted to VTA. Moss Adams will present the final audit report to the MBCOC at an upcoming meeting when a quorum can be established. The final report was provided to VTA management for inclusion on VTA's website as well as the 2016 Measure B Transparency website. We were prepared to evaluate and report on specific areas or items or to provide specific metrics requested by MBCOC, if applicable; however, no specific areas or items were requested. A log of unaddressed observations and recommendations from prior audits is included in Appendix A of this report.

We also interviewed key personnel responsible for administering 2016 Measure B, including senior management and staff from the VTA. The individuals interviewed are listed in Appendix B. We provided interviewees with an opportunity to provide feedback on whether fraud, waste, and/or other misconduct may be occurring and to provide insight on potential areas for improvement for 2016 Measure B.

Additionally, Appendix A provides a comprehensive Audit Finding Resolution Log that tracks all cumulative findings and recommendations related to the 2016 Measure B program since its inception. This log, organized chronologically, offers a transparent historical overview of audit issues and their resolution status.

## **C. STATEMENT OF COMPLIANCE WITH GAGAS**

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Because GAGAS performance audit procedures require reasonable assurance and do not require detailed examination of all transactions and activities, there is a risk that compliance errors, fraud, or illegal acts may exist that we did not detect. Based on the performance audit procedures performed and the results obtained, we have met our audit objective.

Management remains responsible for proper implementation and operation of an adequate internal control system. Due to the inherent limitations of any internal control structure, errors or irregularities may occur and not be detected. This performance audit did not constitute an audit of financial statements in accordance with GAGAS. Moss Adams was not engaged to and did not render an opinion on VTA's internal controls over financial reporting or financial management systems.

## IV. AUDIT RESULTS

### A. OBJECTIVE NO. 1: CONDUCT AN ANNUAL COMPLIANCE PERFORMANCE AUDIT

Moss Adams conducted this performance audit in accordance with GAGAS issued by the Comptroller General of the United States. We reviewed the 2016 Measure B financial records and expenditures for FY 2023–2024 to verify that funds were used as set forth in the 2016 Measure B ballot language. We identified the following observation over the course of our audit.

#### Observation 1A: Transit Operations Actual Costs Isolation Methodology

VTA has addressed the prior year audit recommendation to document and establish a methodology to isolate and report on the actual expenditures of 2016 Measure B's Transit Operations funds in support of bus operations to serve underserved and transit-dependent populations in Santa Clara County. The 2016 Measure B's Transit Operations program category funding is allocated to four sub categories per the ballot measure: enhance frequent core bus network, expand mobility services and affordable fare programs, innovative transit service models, and improve bus stop amenities. In September 2023, VTA established methodologies to validate transit operations allocations with actual cost for The Enhance Core Frequent Network and Expand Mobility and Affordable Fares sub-programs. This included various VTA departments reviewing allocations and total costs for allowability against the program guidelines, and reviewing that the total program costs are in excess of the transit operations transfer.

Per the ACFR for the Fiscal Year Ended June 30, 2024, the Transit Operations and Operating Projects expenses totaled \$859,089,000 (entered in thousands in the ACFR). The allocation from the overall 2016 Measure B funds to Transit Operations for the FY totaled \$20,003,285, or 2.3% of the total Transit Operations and Operating Projects expenditures for the FY. The table below summarizes the transit operations and operating projects expenditures:

OVERALL TRANSIT OPERATIONS TRANSFERS	
Expenditures, Transfers, and Accrual	FY 2023–2024
Enhancing Bus Network and Expand Mobility (Transit Operations Transfer)	\$15,290,000
Innovative Transit Service Models	\$3,377,973
Improve Bus Stop Amenities	\$1,279,542
Transit Operations – Accrual	\$55,770
<b>Total Transit Operations Expenditures</b>	<b>\$20,003,285</b>

The 2016 Measure B Transit Operations program category was established to increase ridership, improve efficiency, enhance mobility services, and improve the affordability of bus transportation. According to the Transit Operations program category's expenditure guidelines, funding should be allocated for the following purposes:

- Enhancing the Frequent Core Bus Network by increasing core bus route service frequencies and expanding or adding additional evening, late-night, and weekend service (73% of program category funding).
  - As outlined in the approved VTA '2016 Measure B Transit Operations – Enhance Frequent Core Network Methodology to validate allocations with actuals', VTA provided documentation of its cost validation process for the fiscal year. As part of this methodology, the following cost centers were defined and reviewed by VTA to confirm the actual amounts posted against the cost centers were in excess of the allocations. We verified the cost centers outlined in the methodology were included within the validation and confirmation process, and that the actual costs were in excess of the allocated, and or, transferred amount.

Cost Center	Cost Code Description	Amount
50310	Bus Admin Supports	\$2,481,517
51100	Bus North Transp	\$38,877,686
51105	Bus Chaboya Transp	\$68,884,581
51110	Bus Cerone Transp	\$41,463,158
52000	Maint Ops Admin	\$580,916
52100	Bus Maint – Adm	\$759,564
52102	Bus North Maint	\$31,193,961
52105	Bus Chaboya Maint	\$34,444,981
52110	Bus Cerone Main	\$26,863,369
52112	Bus O & R	\$5,517,259
<b>Total</b>		<b>\$251,066,992</b>

- Expand mobility services and affordable fare programs for seniors, disabled, students, and low-income riders (8% of program category funding).
  - VTA provided the analysis that was completed by the VTA Fare Revenues Team as required by the methodology approved during the fiscal year. This analysis included the number of passes sold, handling costs, administrative costs, and revenue.
- Support new/innovative transit service models to address first/last-mile connections and transit services for the transit-dependent, vulnerable populations, and paratransit users that are safe and accountable (15% of program category funding).
  - This is defined as a competitive grant program as part of the program guidelines and is only available to public agencies with a minimum grant award size of \$250,000. Reporting requirements are defined in agreements with grant recipients upon award.

- Improve amenities at bus stops to increase safety, security, and access with lighting and access improvements (4% of program category funding).
  - Per the program guidelines, bus stop improvements will be prioritized based on VTA's Transit Passenger Environment Plan or subsequent plans and ongoing maintenance needs. These amenity improvements are for eligible VTA capital projects that are not managed by the Measure B program.

The Transit Operations program category is administered by VTA as the service provider of bus operations; therefore, there is a regularly scheduled interfund transfer from 2016 Measure B funds to the Transit Operations account. As a best practice, VTA established a Partner Methodology in January 2025 to establish performance metrics and assess the impact and success of these funds in accordance with the ballot language, specifically Attachment D –Transit Operations Candidate Projects and the Programs List. Based on these factors, we have determined that the Transit Operations program category was expended in alignment with the ballot language.

## **B. OBJECTIVE NO. 2: REPORT 2016 MEASURE B REVENUE EARNED, INCOME EARNED, EXPENDITURES BY PROGRAM CATEGORY, ADMINISTRATIVE COST, AND DEBT SERVICE AND/OR COSTS OF BORROWING (NO EXCEPTION)**

As a component of this performance audit, Moss Adams reported the 2016 Measure B revenue earned, income earned, expenditures by program category, and debt service and/or cost of borrowing. Figures were provided by VTA and validated through the review of Board-approved budget memos and VTA's audited financial statements. There were no debt service costs for the current audit period.

The following table reports annual revenues for the most recent FY as well as all FYs since 2016 Measure B inception, including revenue earned through sales and use tax receipts as well as income generated through investments.

PROGRAM REVENUE AND INCOME FOR FY 2023–2024 AND INCEPTION TO FY 2024 <sup>[1]</sup>		
Revenue, Income, and Expenditures Category	FY 2023–2024	Inception to FY 2024 (4/1/2017–6/30/2024)
Revenue Earned	\$266,617,738	\$1,720,045,857
Interest Earned and Realized Investment Gain/(Loss)	\$33,515,090	\$90,625,191
<b>Program Revenue, Interest Earned and Realized Investment Gain/(Loss)</b>	<b>\$300,132,827</b>	<b>\$1,810,671,048</b>
Unrealized Investment Gain/(Loss)	\$15,944,682 <sup>[2]</sup>	(\$13,712,841)

<sup>1</sup> Table was updated to further break down revenue, interest earned, and realized and unrealized gains to increase transparency.

<sup>2</sup> Unrealized investment gain/(loss) includes amortization of premium/discount.

VTA allocates 2016 Measure B budgets and monitors expenditures on an annual or biennial basis, depending on the program category and associated expenditure guidelines. Budget allocations for 2016 Measure B do not expire and can be rolled into future FYs. Expenditures are reimbursed rather than provided in advance. Three program categories (Local Streets and Roads, Transit Operations, and Administration) are allocated budgets on an annual basis. The following table summarizes the budget allocation and expenditure information for FY 2023–2024 and the inception to FY 2024 period.

ALLOCATIONS AND EXPENDITURES FOR PROGRAM CATEGORIES WITH ANNUAL BUDGETING				
Program Category	FY 2023–2024		Inception to FY 2024 (4/1/2017–6/30/2024)	
	Allocation	Expenditures	Allocation	Expenditures <sup>[1]</sup>
Local Streets and Roads	\$52,630,000	\$69,307,418	\$323,330,000	\$225,885,756
Transit Operations	\$17,870,000	\$20,003,285 <sup>[2]</sup>	\$130,650,000	\$121,019,819
Administration	\$1,500,000	\$2,198,790	\$16,875,000	\$12,478,770
<i>Subtotal Annual Budget Cycle Expenditures</i>	\$72,000,000 <sup>[3]</sup>	\$91,509,493 <sup>[3]</sup>	\$470,855,000	\$359,384,345

<sup>1</sup> Inception to FY 2024 amounts reflect an update made to the prior year accrual allocation, resulting in updated reporting on program category expenses.

<sup>2</sup> Transit operations allocation included the following four categories: Enhance Core Bus Network, Expand Mobility, Support New/Innovative Transit Service, Improve Amenities at Bus Stops.

<sup>3</sup> Annual expenditures can outpace the annual allocation because prior allocations can roll forward to subsequent fiscal years.

The following table outlines the allocation and expenditures for the remaining program categories in FY 2023–2024 and the inception-to-FY 2024 period. These expenditures are allocated on a biennial basis in alignment with VTA’s budget cycle.

ALLOCATIONS AND EXPENDITURES FOR PROGRAM CATEGORIES WITH BIENNIAL BUDGETING				
Program Category	FY 2023–2024		Inception to FY 2024 (4/1/2017–6/30/2024)	
	Allocation	Expenditures	Allocation	Expenditures <sup>[1]</sup>
VTA’s BART Silicon Valley Phase II. <sup>2</sup>	\$747,600,000	\$320,516,282	\$897,600,000	\$366,886,367

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<sup>2</sup> The 2016 Measure B ballot established a specific expenditure limit for VTA’s BART Silicon Valley Extension Phase II of a maximum of 25% of 2016 Measure B Program tax revenues. This limit applies to the 30-year life of the Program and not any individual year or period within that 30-year lifespan. VTA has indicated that 2016 Measure B Program staff monitor each 2016 Measure B project and subprogram within the overall Program to ensure that the ballot-defined limit will not be exceeded at the conclusion of the measure. Planned future enhancement include annual public reporting of the actual plus planned expenditures compared against revenue projections for the 30-year period of the Program.

ALLOCATIONS AND EXPENDITURES FOR PROGRAM CATEGORIES WITH BIENNIAL BUDGETING				
Program Category	FY 2023–2024		Inception to FY 2024 (4/1/2017–6/30/2024)	
	Allocation	Expenditures	Allocation	Expenditures <sup>[1]</sup>
Bicycle and Pedestrian Program	\$19,910,000	\$10,167,082	\$76,300,000	\$16,041,119
Caltrain Corridor Capacity Improvements	\$0	\$3,062,866	\$42,450,000	\$8,108,614
Caltrain Grade Separations	\$107,000,000	\$7,450,494	\$178,000,000	\$8,230,561
County Expressways	\$4,300,000	\$2,837,077	\$54,300,000	\$29,390,222
Highway Interchanges	\$71,360,000	\$31,037,675	\$436,150,000	\$162,447,984
State Route 85 Corridor	\$6,620,000	\$646,173	\$21,120,000	\$4,210,352
Subtotal Biennial Budget Cycle Expenditures	\$956,790,000	\$375,717,649	\$1,705,920,000	\$595,315,219
<b>Total Program Expenditures (including Annual Budget Cycle Expenditures shown in the previous table)</b>	<b>\$1,028,790,000</b>	<b>\$467,227,142</b>	<b>\$2,176,775,000</b>	<b>\$954,699,564</b>

<sup>1</sup> Inception to FY 2023 amounts reflect an update made to the prior year accrual allocation, resulting in updated reporting on program category expenses.

According to these records, all program categories are currently operating within their respective estimated total program budget allocations as outlined in the Measure B ballot language. 2016 Measure B expended \$467,227,142 in FY 2023–2024, which includes \$91,509,493 in Annual Budget Cycle Expenditures and \$375,717,649 for Biennial Budget Cycle Expenditures.



## APPENDIX A – AUDIT RESOLUTION LOG

This below is a comprehensive Audit Resolution Log encompassing all cumulative findings and recommendations since the Program’s inception. The log is organized chronologically from newest to oldest and includes the specific reports in which each finding and recommendation was present, as well as when the issue was resolved. The table below aims to offer a clear and complete historical overview to support transparency and informed decision-making.

Prior Recommendations		Audit Period	Resolution Date
<b>Observation 1A: Transit Operations Actual Costs Isolation Methodology</b>	To continue to ensure compliance with ballot language, VTA should establish and document a methodology to substantiate Transit Operations allocations with actual costs to validate and document the use of 2016 Measure B funds on a regular basis. In addition to substantiating overall program category expenditures, the methodology should also substantiate specific sub-program allocations.	2017-2019; 2019-2020; 2021-2021; 2021-2022; 2022-2023	2023-2024 Audit
<b>Observation 1B: Administration Expenditure Guidelines</b>	<p>As required by the ballot language, VTA should develop and implement administration expenditure program guidelines, or a procedural document, to address what elements of administration (e.g., investment fees and associated allocations, election costs, specific personnel, and fully burdened labor rates) are allowable or unallowable, and obtain appropriate approval. Additionally, these expenditure guidelines should address how costs are allocated based on actual costs incurred. These guidelines will support transparency, accountability, and alignment with the Program and voter-approved ballot language.</p> <p>Additionally, as a best practice VTA should review timekeeping system capabilities to determine whether detailed information recording what duties pertaining to 2016 Measure B were performed could be entered into the system for all employees charging time to the Program. Ultimately, a time tracking system (or equivalent) should ensure that all costs incurred are identifiable and have a beneficial and defensible relationship to the Program and to expenditure guidelines.</p>	2017-2019; 2019-2020; 2020-2021; 2021-2022	2022-2023 Audit

## APPENDIX B – INTERVIEWS

We interviewed the following VTA personnel:

- Audit Program Manager
- Deputy Director, Grants & Allocations
- 2016 Measure B Program Manager
- Assistant Controller
- Financial Accounting Manager
- Accountant
- MBCOC Committee Members (6)

