

Santa Clara Valley Transportation Authority

Annual Comprehensive Financial Report

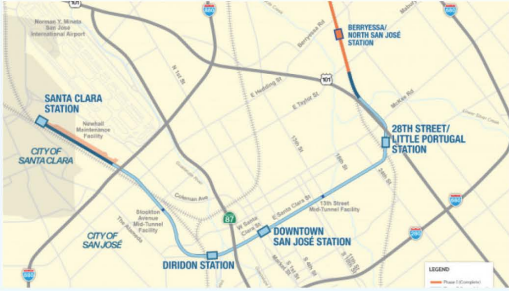
**Fiscal Year Ended
June 30, 2024**

Santa Clara County, California



Solutions that move you

FTA Announces \$500 million in FY24 for the Bart Silicon Valley Phase II (BSVII) Project



In May 2024, the FTA announced an allocation of \$500 million in the federal Fiscal Year 2024 budget for the BSVII Project. This demonstrates the federal government's commitment to this national important infrastructure project.

Eastridge to BART Regional Connector (EBRC) Groundbreaking



The groundbreaking in June 2024 celebrates the start of construction on the light rail extension known as the EBRC. The 2.4 mile alignment will transform Capitol Expressway into a multi-modal expressway offering Bus Rapid Transit, light rail transit, and safe connections to the regional transit system, BART.

Tamien Groundbreaking



More than 130 units of affordable housing and more than 500 units of market rate housing are being built next to the Tamien Light Rail and Caltrain station.

Record-breaking ridership with Taylor Swift at Levi's



VTA's special service during Levi's Stadium events broke all VTA/Levi's ridership records with 24,000 riders the first day and 22,000 riders the second day.

Partnership with MST to run Line 59 to Gilroy



VTA is helping to fund a bus line that runs between Monterey County and Santa Clara County, connecting passengers to VTA bus service and Caltrain service in Gilroy.

BART project purchased the \$75 Million dollar tunnel boring machine for BART Extension Phase II



The boring machine is expected to be delivered in 2025 to begin digging the 5-mile tunnel for the final phase of the Silicon Valley BART Extension into Downtown San Jose and Santa Clara.

VTA is on the new Monopoly Board, San Jose edition



The Monopoly and VTA partnership is a great way to expand the VTA brand and stitch it to one of the most iconic board games in history!

**SANTA CLARA VALLEY
TRANSPORTATION AUTHORITY**

SAN JOSE, CALIFORNIA

Annual Comprehensive Financial Report (ACFR)
For Fiscal Year Ended June 30, 2024

Prepared by:
Accounting

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SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

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Government Finance Officers Association

Certificate of
Achievement
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Reporting

Presented to

**Santa Clara Valley Transportation Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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INTRODUCTORY SECTION

LETTER OF TRANSMITTAL

BOARD OF DIRECTORS

ORGANIZATIONAL CHART

PRINCIPAL OFFICIALS

SERVICE AREA MAP

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LETTER OF TRANSMITTAL

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October 31, 2024

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, 2024. 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, 2024, 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

The economy in which a government entity operates has a significant impact on the results of its operating activities. Due consideration of the economic environment is necessary to better understand the agency's financial condition and results of operations. Thus, it is crucial that readers of the financial statements analyze and interpret them in conjunction with the agency's relevant economic profile and

outlook.

Santa Clara County is located on the southern coast of San Francisco Bay. As part of one of the state's busiest urban regions, encompassing an area of approximately 1,300 square miles and having a population of over 1.9 million. With a median income of \$153,792 and median home value of \$1.7 million, the county ranks as the third wealthiest and one of the most expensive places to live in the nation.¹ The county's economy is driven by its location in Silicon Valley, where many tech companies are headquartered, including Apple, Google, Facebook, Oracle, Adobe, eBay, Hewlett Packard, Broadcom and Intel. The region is a global leader in the development of semiconductors, software, hardware, and other cutting-edge technologies. It also has retail and support workers in large industry groups such as education, healthcare, construction, leisure and hospitality.

The 4.2% unemployment rate in Santa Clara County in June 2024 was slightly above than the national level, but below the state level. This was higher than the 3.7% rate in the previous year. The county continues to adjust to the post-COVID environment where the 20 biggest tech companies have downsized to reflect current and projected business needs.² As the post-COVID recovery continues, inflationary challenges have an impact on Santa Clara County residents as they have in most regions of the United States.

The U.S. Department of Labor reported for June 2024 a national unemployment rate of 4.1%, which was higher than 3.6% from the prior year. In real terms, there were 6.8 million unemployed, which was an increase from 6.0 million last year. Although the government and healthcare sectors experienced job growth, the leisure and hospitality sectors are still catching up to pre-pandemic levels.

As the State faces significant revenue volatility, it plans to implement significant spending cuts to government operations, and pauses of new investments.³ Despite these belt tightening activities, the State committed to maintain current service levels for critical programs, including key health care, and social services. The State's proactive actions in addressing current budget shortfall are part of the ongoing efforts to address priority issues and avoid more harmful cuts in programs that are essential to the well-being of Californians throughout the state.

Unemployment at the state level was 5.2% in June 2024 which was an increase from 4.6% in the prior year. While there were strong investments in artificial intelligence, layoffs had persisted at high-tech firms. Even with certain businesses adopting technology to replace workers, and the leisure sector managing to recover from the deep losses caused by pandemic; other industries, including

¹ Johnson, Steven Ross. "The 15 Richest Counties in the U.S.", US News, December 20, 2023.

² Sumagaysay, Levi. "Tech boom has slowed, but there are still more Silicon Valley jobs than before the pandemic." Cal Matters, February 28, 2024.

³ State Budget May Revision, 2024-25.

manufacturing, information and business services, remained sluggish due to rising costs, financial conditions and ongoing climate challenges.⁴ Hiring in California lagged behind national trends with the exception of the state's healthcare and social assistance sector which experienced job gains. With job gains in critical industry sectors such as outpatient centers, home healthcare firms, nursing facilities, and social assistance, which include vocational and child day-care services, it is believed that the region's economy will remain steadfast and resilient⁵.

While consumer spending patterns did not produce the same level of growth in sales tax receipts as in prior years, consumer behavior is deemed to have helped control inflationary price increases. When households expect low inflation, they tend to delay some purchases in the anticipation that prices won't rise much in the near future, and in some cases, might even decline. The reluctance of consumers to keep paying more made businesses to slow down or cut price increases, leading to cooling of inflation.⁶ The hampered job growth and higher interest rates also led to tightened consumer spending. Most economists, however, believe that consumers are still spending enough to sustain the economy consistently.⁷

Sales tax receipts, which are the basis for VTA's largest funding sources for operations and capital activities, decreased by an average of 2.8% from the prior year. 1976 Half-Cent, 2000 Measure A, 2016 Measure B, and BART Operating sales taxes amounted to \$266.9 million, \$266.9 million, \$266.6 million, and \$65.2 million, respectively, during FY 2024. Transportation Development Act (TDA) which funds a wide variety of transportation projects, also decreased by \$1.4 million, which was consistent with the other programs funded by general sales tax revenues. State Transit Assistance (STA) which is derived from state sales tax from diesel fuel, increased by \$1.9 million in FY 2024. This behavior was attributed to normalized travel patterns as the economy continues to rebound from the pandemic and the consumers show more eagerness to travel.

⁴ Lee, Don. Los Angeles Times. "As Job Growth in California Falls Back, Unemployment Rate Remains Highest". May 17, 2024.

⁵ Ibid.

⁶ Rugaber, Christopher. AP News. "Americans' refusal to keep paying higher prices may be dealing a final blow to US inflation spike." August 12, 2024.

⁷ Ibid.

ENTERPRISE NET POSITION OVERVIEW

Total FY 2024 Net Position is provided below (in thousands):

Net Investment in Capital Assets		\$	5,589,487
Restricted:			
Debt service	\$	3,557	
237 Project Fund with fiscal agent		12,384	
Net OPEB Asset (GASB 75) ^a		75,348	
1996 Measure B transit program		1,708	92,997
Unrestricted:			
Local share of capital projects	\$	380,597	
Transit capital reserve		152,761	
Debt reduction		102,925	
Operating reserve		93,673	
Sales tax stabilization		35,000	
Inventory and prepaid items		34,625	
Express Lane		3,536	
BART Operating		413,312	
Joint Development		5,953	
Net Deferrals: Net OPEB Asset (GASB75)		16,038	
Net Lease Asset (GASB 87)		1,131	
Net Pension Liability (GASB 68) ^b		(328,155)	
Net Subscription Asset (GASB 96)		13	911,409
Total Net Position			<u>\$ 6,593,893</u>

^aBased on actuarial report.

^bThis is a set aside amount for Net Pension Liability to comply with GASB 68 requirements. This consisted of \$116.0 million and \$212.2 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:

<u>Proprietary Funds</u>	<u>Governmental Funds</u>
<ul style="list-style-type: none"> ● VTA Transit ● BART Operating ● Joint Development ● Express Lanes 	<ul style="list-style-type: none"> ● Congestion Management Program ● 2016 Measure B Program ● 2000 Measure A Program ● 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, 2024 (in millions)	Remarks
Operating Reserve	\$93.7	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	\$102.9	This reserve may be used to reduce long-term liabilities.
Capital Reserves	\$152.8	This reserve was established in FY 2024 with an initial \$100 million transferred from the Debt Reduction Fund to provide funding for approved transit-related capital improvements and replacement of capital assets. This is in support 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 October 2023, VTA released a new baseline schedule and cost estimate of \$12.2 billion, with a late-2036 Revenue Service date. The FTA/Project Management Oversight Contractor (PMOC) proposed

a cost increase of \$509 million to a new total of \$12.8 billion. This was primarily attributable to FTA’s recommendation of a higher escalation rate. The FTA/PMOC also recommended inclusion of additional schedule contingency, which extends the Revenue Service date to mid-2037. Subsequently, on March 29, 2024 VTA submitted the Entry into New Starts Engineering (NSE) application to FTA. In June 2024, the FTA announced the federal government's estimated contribution of \$5.1 billion to help complete the project.

AWARDS AND ACKNOWLEDGMENTS

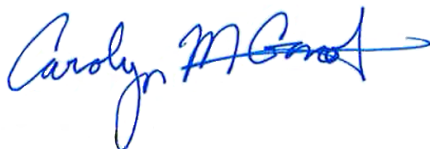
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to VTA for its FY 2023 Annual Comprehensive Financial Report (ACFR). This is the 28th consecutive year that VTA achieved this prestigious award.

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
General Manager/CEO



Greg Richardson
Asst. GM/Chief Financial Officer

2024 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 January 2024 Cindy Chavez, Chairperson Sergio Lopez, Vice Chairperson			
GROUP 1 (San Jose) City of San José		Devora “Dev” Davis Pam Foley Rosemary Kamei Matt Mahan* Omar Torres David Cohen, Alternate	GROUP 4 (South County) City of Gilroy City of Morgan Hill
GROUP 2 (North West) City of Los Altos Town of Los Altos Hills City of Mountain View City of Palo Alto		Lynette Lee Eng, Alternate Patrick “Pat” Burt	GROUP 5 (North East) City of Santa Clara City of Sunnyvale City of Milpitas
GROUP 3 (West Valley) City of Campbell City of Cupertino Town of Los Gatos City of Monte Sereno City of Saratoga		Sergio Lopez Rob Rennie, Alternate	GROUP 6 (Santa Clara County) County of Santa Clara County of Santa Clara Otto Lee <i>Vacant</i> , Alternate
		Ex-Officio Metropolitan Transportation Commission (MTC) Commissioners representing Santa Clara County, Cities of Santa Clara County, and City of San Jose	Marie Blankley Mark Turner, Alternate Sudhanshu “Suds” Jain, Alternate Omar Din Carmen Montano 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

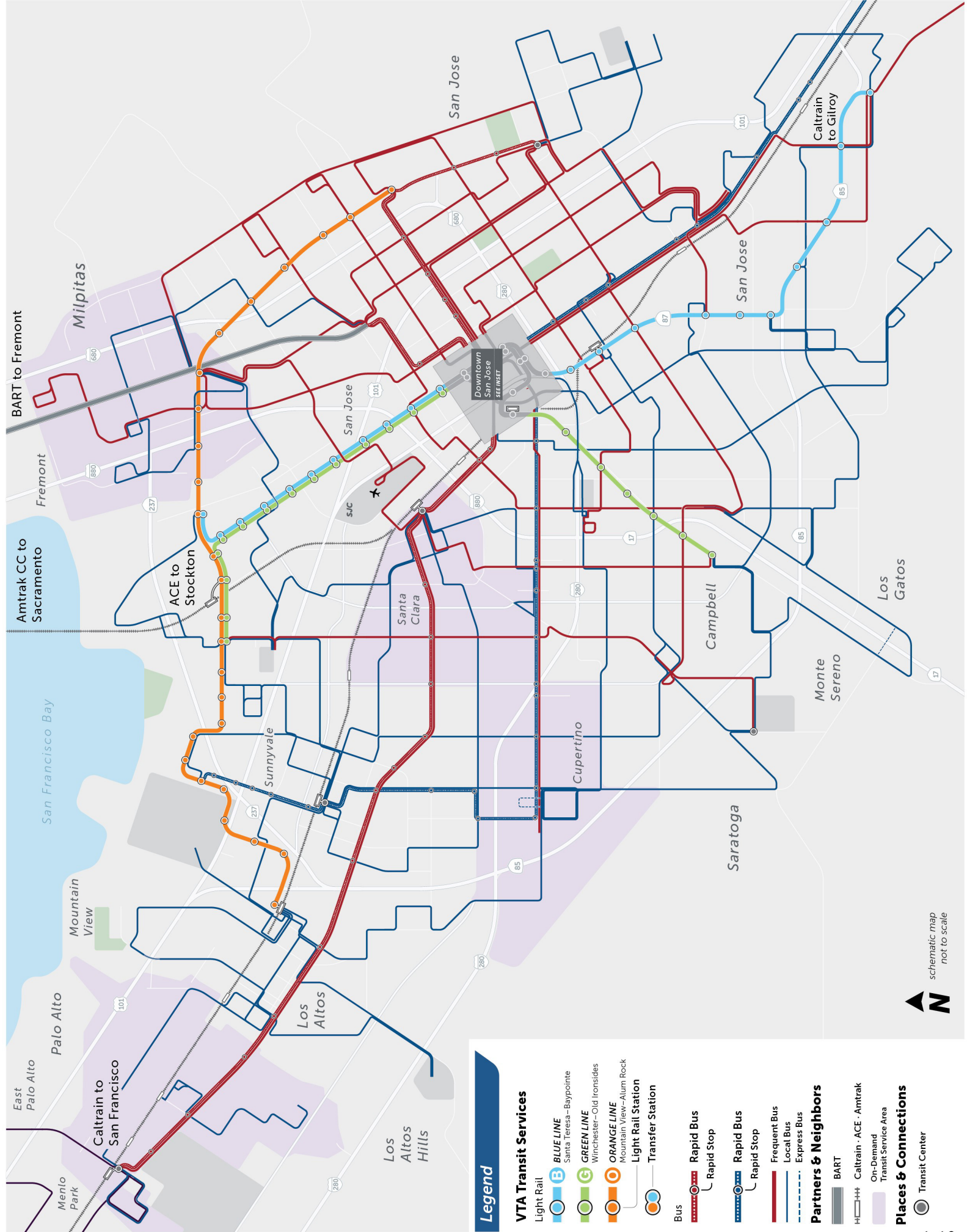
2016 Measure B Citizens' Oversight Committee (2016 MBCOC) - In accordance with the 2016 Measure B ballot, the 2016 MBCOC was established to perform the specific duties defined in the ballot. The 8-member committee is comprised of individuals with relevant expertise and experience necessary to assist 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, 2024**



Principal Officials as of June 30, 2024

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	Thomas Maguire
Chief People Officer	Sonya Morrison
Chief System Safety & Security	Aston Greene
Chief External Affairs Officer	James Lawson
Chief Communications Officer	Patrice Smith



Legend

VTA Transit Services

- Light Rail
- B** BLUE LINE Santa Teresa—Baypointe
- G** GREEN LINE Winchester—Old Ironsides
- O** ORANGE LINE Mountain View—Alum Rock
- Light Rail Station
- Transfer Station

- Bus
- Rapid Bus
- Rapid Stop
- Rapid Bus
- Rapid Stop

- Frequent Bus
- Local Bus
- Express Bus

Partners & Neighbors

- BART
- Caltrain - ACE - Amtrak
- On-Demand Transit Service Area

Places & Connections

- Transit Center

schematic map
not to scale

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FINANCIAL SECTION

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Statement of Activities

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SUPPLEMENTARY INFORMATION – COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:

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Unrestricted Net Position - Enterprise and Governmental Funds

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INDEPENDENT AUDITOR'S REPORT

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Independent Auditor's Report

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 the governmental activities, each major fund, and the aggregate remaining fund information of Santa Clara Valley Transportation Authority (VTA), as of and for the year ended June 30, 2024, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of VTA, as of June 30, 2024, 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 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:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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.
- 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.
- 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 is the responsibility of management and, 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 GAAS, 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 Budgetary Comparison Schedule – VTA Transit Fund, the Combining Statement of Fiduciary Net Position – Retiree Benefits Trust Funds, the Combining Statement of

Changes in Fiduciary Net Position –Retiree Benefits Trust Funds and the Unrestricted Net Position - Enterprise and Governmental Funds are presented for purposes of additional analysis and are 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. 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 GAAS. In our opinion, the Budgetary Comparison Schedule – VTA Transit Fund, the Combining Statement of Fiduciary Net Position – Retiree Benefits Trust Funds, the Combining Statement of Changes in Fiduciary Net Position –Retiree Benefits Trust Funds and the Unrestricted Net Position - Enterprise and Governmental Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 basic 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, 2024 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, 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.



Menlo Park, California
October 31, 2024

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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 2024. 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, 2024, VTA’s net position, business-type and governmental activities, amounted to approximately \$7.1 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.
- All sales tax revenues decreased from the prior year as follows (amounts in thousands):

Sales Tax Revenues	FY 2024	FY 2023	Increase/(Decrease)	
			Amount	%
1976 Sales Tax	\$ 266,942	\$ 275,288	\$ (8,346)	(3.03)%
Bart Operating	65,249	67,161	(1,912)	(2.85)%
2000 Measure A	266,901	275,283	(8,382)	(3.04)%
2016 Measure B	266,618	272,988	(6,370)	(2.33)%

- The four board-designated reserves; i.e., Transit Operating Reserve, Debt Reduction Reserve, Sales Tax Stabilization Reserve, and Capital Reserve were \$93.7 million, \$102.9 million, \$35.0 million, and \$152.8 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 \$328.2 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 \$5.3 million higher than FY 2023. This reflects 2.96% in growth primarily due to a modest increase in State Transit Assistance (STA) funds. The increase in STA revenue is due to continued normalization of travel patterns as pandemic rules were lifted and people were again eager to travel. In addition, FY 2024 is the first year of sale recognition for Low Carbon Fuel Standard (LCFS), credits, which VTA earned on the public use of electric vehicle chargers, light rail and through the BART extension between Warm Springs and Berryessa BART stations.

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 \$317.1 million. The Business-Type activities' net position increased by \$404.6 million while the Governmental activities' net position decreased by \$87.5 million. The increase in the business-type net position was mainly due to capital grants and capital acquisition transfers. Capital grant receipts were largely from the federal for projects relating to bus procurement, bus stop improvement, electric bus charging stations, and rail replacement and rehabilitation. There were also state grant receipts for the Diridon property and 2016 Measure B grants for the BART Phase 2. The decline in the governmental activities net position was primarily due to increase in 2016 Measure B capital expenditures to fund the BART Phase 2 and Eastridge BART Regional Connector related projects, as well as transfers of BART assets under construction from 2000 Measure A to BART Operating Fund. Although the related investment earnings were positive in the current year from higher interest and better market performance, sales tax revenues experienced a decline. 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 \$266.9 million, \$266.9 million, \$266.6 million, and \$65.2 million, respectively. During FY 2024, VTA acquired or built total capital assets of approximately \$574.4 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 2024 and FY 2023
(In thousands)

	Business -Type Activities		Governmental Activities		Total	
	2024	2023	2024	2023	2024	2023
Asset:						
Current and other assets	\$ 1,639,037	\$ 1,577,299	\$ 1,403,017	\$ 1,404,961	\$ 3,042,054	\$ 2,982,260
Capital assets, net	5,646,835	5,271,892	—	—	5,646,835	5,271,892
Total assets	7,285,872	6,849,191	1,403,017	1,404,961	8,688,889	8,254,152
Deferred outflows of resources	98,586	124,374	37,416	29,585	136,002	153,959
Liabilities:						
Current liabilities	187,414	137,635	259,577	138,083	446,991	275,718
Long-term liabilities outstanding	546,195	596,343	697,970	723,560	1,244,165	1,319,903
Total liabilities	733,609	733,978	957,547	861,643	1,691,156	1,595,621
Deferred inflows of resources	56,956	50,297	—	2,496	56,956	52,793
Net position:						
Net investment in capital assets	5,589,487	5,179,068	—	—	5,589,487	5,179,068
Restricted	92,997	107,740	905,487	1,088,855	998,484	1,196,595
Unrestricted	911,409	902,482	(422,601)	(518,448)	488,808	384,034
Total net position	\$ 6,593,893	\$ 6,189,290	\$ 482,886	\$ 570,407	\$ 7,076,779	\$ 6,759,697

The largest portion of VTA’s net position (approximately 84.77%) 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, 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 and Transit Capital Reserves; 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, net of deferrals, consists of \$116.0 million for CalPERS and \$212.2 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, 2024 VTA reported 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 \$75.3 million as of June 30, 2024.

Net Lease Asset 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, and short-term leases. 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, 2024, lease receivable was \$24.7 million for both VTA Transit and Joint Development, and lease payable was \$1.7 million for the VTA Transit . FY 2024 was the first year VTA implemented GASB 96, which established a net right-to-use subscription asset of \$622 thousand and a subscription liability of 609 thousand.

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Condensed Statement of Activities
For the FY 2024 and FY 2023
(In thousands)

	Business-Type Activities		Governmental Activities		Total	
	2024	2023	2024	2023	2024	2023
Expenses:						
Labor, overhead, materials and professional services and other operations	\$ 859,089	\$ 765,828	\$ 8,634	\$ 8,258	\$ 867,723	\$ 774,086
Capital expense, on behalf of, and contribution to other agencies	1,052	1,015	525,798	197,370	526,850	198,385
Altamont Corridor Express and Caltrain subsidies	4,442	1,458	—	—	4,442	1,458
Program payments	—	—	19,526	17,335	19,526	17,335
Other expenses	519	4,277	1,045	1,727	1,564	6,004
Claims and change in future claim estimates	18,455	13,940	—	—	18,455	13,940
Interest expense	2,152	3,553	29,560	30,890	31,712	34,443
Total expenses	<u>885,709</u>	<u>790,071</u>	<u>584,563</u>	<u>255,580</u>	<u>1,470,272</u>	<u>1,045,651</u>
Program revenues:						
Charges for services	70,768	60,605	3,321	3,168	74,089	63,773
Operating grants	183,779	178,501	441,563	155,991	625,342	334,492
Capital grants	93,345	19,853	—	—	93,345	19,853
Total program revenues	<u>347,892</u>	<u>258,959</u>	<u>444,884</u>	<u>159,159</u>	<u>792,776</u>	<u>418,118</u>
Net program revenues (expenses)	<u>(537,817)</u>	<u>(531,112)</u>	<u>(139,679)</u>	<u>(96,421)</u>	<u>(677,496)</u>	<u>(627,533)</u>
General revenues and transfers:						
Sales tax revenue	332,191	342,449	533,519	548,271	865,710	890,720
Investment earnings/(losses)	64,506	22,365	59,428	23,954	123,934	46,319
Other general revenue	3,977	16,436	957	898	4,934	17,334
Total general revenues	<u>400,674</u>	<u>381,250</u>	<u>593,904</u>	<u>573,123</u>	<u>994,578</u>	<u>954,373</u>
Excess or deficiency of revenues over expenses	<u>(137,143)</u>	<u>(149,862)</u>	<u>454,225</u>	<u>476,702</u>	<u>317,082</u>	<u>326,840</u>
Transfers	541,746	330,667	(541,746)	(330,667)	—	—
Change in net position	<u>404,603</u>	<u>180,805</u>	<u>(87,521)</u>	<u>146,035</u>	<u>317,082</u>	<u>326,840</u>
Net position, beginning of year	<u>6,189,290</u>	<u>6,008,485</u>	<u>570,407</u>	<u>424,372</u>	<u>6,759,697</u>	<u>6,432,857</u>
Net position, end of year	<u><u>\$6,593,893</u></u>	<u><u>\$6,189,290</u></u>	<u><u>\$ 482,886</u></u>	<u><u>\$ 570,407</u></u>	<u><u>\$7,076,779</u></u>	<u><u>\$6,759,697</u></u>

Business-Type Activities – The total net position is \$6.6 billion as of June 30, 2024. The increase is attributed to the year's change in net position of 404.6 million. Major elements of changes in net position were as follows:

- The increase in capital grants of \$73.5 million consisted of federal capital assistance for the maintenance and rehabilitation projects of fixed guideway and bus systems to maintain assets in a state of good repair. This includes bus procurement; bus stop improvement, as well as rail and Overhead Catenary System replacement and rehabilitation. There was also capital assistance from the state for the San Jose Diridon Station planning and early right-of-way acquisition.

- Operating grants increased slightly by \$5.3 million which reflects an increase in the State Transit Assistance (STA) of \$1.9 million, due to a more normalized diesel consumption as pandemic rules were lifted and consumers were again eager to travel. FY 2024 was the first year VTA sold Low Carbon Fuel Standard credits, which were generated by utilizing low-carbon electricity for transportation fuel. Transportation Development Act (TDA) revenue decreased by \$1.4 million consistent with the decline in general sales tax revenues. FY 2024 also reflected a continuous reduction in TDA of \$9.6 million for the year to allow for uncertainties that could potentially lead to sales tax attrition of online sales in the state. As of June 30, 2024, total TDA reduction adjustment was \$51.2 million.
- 1976 and BART Operating sales tax revenues decreased by \$10.3 million as consumer and business spending tightened in response to hampered job growth and higher interest rates. The economic uncertainty caused consumers to cut back in their spending and forced them to be more price-conscious.
- Investment Earnings associated with interest income, unrealized gains/losses, and trading gains/losses increased by \$42.1 million. The growth was largely due to sustained interest rate levels as well as mark-to-market gains in contrast with last year's loss from the market downturn.
- The increase in program expenses of \$95.6 million was due to 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 grew primarily for the costs of parts, security and professional services. Increases in materials and supplies were results of increase in service levels across the network. Preventive maintenance costs increased from aging fleet and component rebuilds. Professional services included consulting and advisory services pertaining to employee coaching and victim support/resiliency. Other program expense related to the BART Operating and Maintenance Fund significantly increased year over year for the BART Subsidy Augmentation due to capital obligations paid by VTA to BART and provision for probable capital costs.

Governmental Activities – As of June 30, 2024, the net position of governmental activities is \$482.9 million. This is a decrease in net position of \$87.5 million. Major components of changes in net position were as follows:

Capital expenditures on behalf of, and contributions to other agencies - There was an increase of \$328.4 million in FY 2024. The bulk of this increase was a result of activities from 2016 Measure B for capital expenditures primarily associated with the BART Phase II project.

Operating grants - Under governmental activities, capital grants are reported as operating grants. These grants operate assets that will be owned by other entities. The increase of \$285.6 million was largely a result of revenue receipts from 2016 Measure B to fund activities of the BART Phase II as this project prepares for construction. 2016 Measure B is a 30-year half cent county-wide sales tax transactions in support of enhancing transit, highways, expressway and active transportation (bicycles, pedestrians and streets).

Sales tax revenues - In FY 2024, the 2000 Measure A and 2016 Measure B sales tax revenues were \$266.9 million and \$266.6 million, respectively, a decrease of an average of 2.7% from prior year. The decline was caused by reluctance in consumer and business spending brought about by economic uncertainty from hampered job growth, as well as higher prices and interest rates. The 2000 Sales Tax Measure collects a half-cent for each taxable sales dollar spent in the county, to fund operations and capital expenses. 2016 Measure B is a half-cent sales tax to fund activities on enhancing transit, highways, expressways, and active transportation (bicycles, pedestrians and complete streets).

Investment Earnings - This primarily includes interest, as well as trading and unrealized gain or loss. FY 2024 reported an increased investment earnings of \$35.5 million due to higher interest and unrealized gain from better market performance of the investments.

Transfers - FY 2024 reported a total transfer-out of \$541.7 million primarily from the capital acquisitions from the 2000 Measure A Program Fund to the VTA Transit Fund and the BART Operating Fund of \$451.6 million, 2000 Measure A and 2016 Measure B operating assistance of \$70.7 million, Measure A Repayment Obligation of \$17.5 million, and capital acquisitions from the Congestion Management and Highway Program to Express Lanes Fund totaling \$1.9 million.

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 2024 and FY 2023**
(In thousands)

Enterprise Funds Revenue	2024	2023	Change	
			Favorable/(Unfavorable)	
			Amount	Percent
Charges for services	\$ 70,768	\$ 60,605	\$ 10,163	16.77 %
Operating grants	183,779	178,501	5,278	2.96 %
Capital grants	93,345	19,853	73,492	370.18 %
1976 half-cent sales tax	266,942	275,288	(8,346)	(3.03)%
BART Operating Sales Tax	65,249	67,161	(1,912)	(2.85)%
Investment earnings	62,504	21,503	41,001	190.68 %
Other income	3,440	15,863	(12,423)	(78.31)%
Transfers in/(out)	541,746	330,667	211,079	63.83 %
Total	\$ 1,287,773	\$ 969,441	\$ 318,332	32.84 %

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), para transit fares, toll fees, advertising income, and joint development rent, were \$70.8 million in FY 2024. Charges for Services increased by \$10.2 million or 16.77% from FY 2023. The change primarily reflected growth in fares from increased ridership, as well as increased toll revenues. Toll revenue increase was a result of higher toll rates from increase in traffic patterns.

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 and SB83). In FY 2024, TDA and STA provided the majority of the funding. Total operating grants increased \$5.3 million or 2.96% from FY 2023. This was largely a result of increase in STA grant revenue and ADA set-aside from VTA aligning the revenue recognition with the federal fiscal year. VTA also sold Low Carbon Fuel Standard credits in FY 2024.

The State Transit Assistance (STA) funds are derived from state sales tax on diesel fuel. STA apportionment is 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 \$1.9 million was slightly higher than the prior year reflecting increases in diesel consumption and driving trends.

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 a decrease in Transportation Development Act (TDA) of \$1.4 million which was consistent with the decline in sales tax revenues.

Capital Grants – Capital grants appear under VTA Transit and Joint Development Funds. In the VTA Transit Fund, capital grants include Federal Transit Administration (FTA) capital assistance; State of Good Repair, Regional Measure 3, various State transit-related capital grants, and capital contributions from local agencies. Total capital grants increased by \$73.5 million to \$93.3 million. This is an outcome of more grant eligible activities during the year, primarily associated with bus procurement, bus stop improvement, rail rehabilitation and replacement, as well as acquisition of the San Jose Diridon Station Planning and Early Right-of-Way.

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 2024, total sales tax revenues were \$266.9 million, a \$8.3 million or 3.03% decrease compared to the prior fiscal year’s sales tax revenue. Sales tax receipts year-to-year decreased as state tax collections have been on a downward trajectory since their mid-2022 peak when COVID-19 pandemic consumer spending provided unexpectedly high tax revenue. The tightened consumer spending in FY 2024 was a result of the hampered job growth and consumer spending reluctance from persistently higher prices and interest rates.

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 \$65.2 million, a \$1.9 million or 2.85% decrease compared to last year. Similar to the other sales tax revenues, the receipts decreased relative to the prior year as post-COVID consumers and businesses pulled back from spending due to economic uncertainty.

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 \$41.0 million primarily due to sustained interest rate levels throughout the year, and recognition of mark to market gain from a better investment performance.

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 decreased by \$12.4 million in FY 2024 primarily due to a property sale and insurance settlement transactions in the prior year that did not occur again this year.

Transfers-in - FY 2024 reported a total transfer-in of \$541.7 million primarily from the capital acquisitions from the 2000 Measure A Program Fund to the VTA Transit Fund and the BART Operating Fund of \$451.5 million, 2000 Measure A and 2016 Measure B operating assistance of \$70.7 million, Measure A Repayment Obligation of \$17.5 million, and capital acquisitions from the Congestion Management and Highway Program to Express Lanes Fund totaling \$2.0 million.

**Comparison of Enterprise Funds Expenses
FY 2024 and FY 2023
(In thousands)**

Enterprise Funds Expenses	2024	2023	Change	
			Favorable/(Unfavorable)	
			Amount	Percent
Operations and support services	\$ 874,343	\$ 778,902	\$ (95,441)	(12.25)%
ACE subsidy	4,442	1,458	(2,984)	(204.66)%
Other expenses	3,723	8,845	5,122	57.91 %
Total	\$ 882,508	\$ 789,205	\$ (93,303)	(11.82)%

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 2024, operations and support services expense was \$95.4 million or 12.25% higher compared to that of FY 2023. 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 efforts to add service levels across the network. There was an increase in BART Subsidy Augmentation due to capital cost obligations paid by VTA to BART, and provision for probable capital cost charges.

Altamont Corridor Express (ACE) Subsidy - Subsidy to ACE amounted to \$4.4 million in FY 2024. Previous year's contribution to ACE considered an emergency relief offset which was no longer available in the current year.

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, 2024.

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*.

Special Revenue Funds – 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 2024 and FY 2023**
(In thousands)

Special Revenue Funds	2024	2023	Change	
			Amount	Percent
Total revenues	\$ 1,038,788	\$ 732,282	\$ 306,506	41.86 %
Total expenditures	(613,217)	(293,513)	(319,704)	(108.92)%
Transfers out	(541,746)	(330,667)	(211,079)	(63.83)%
Refunding bonds issued	559,535	—	559,535	— %
Premium on refunding bonds issued	83,817	—	83,817	— %
Swap termination fee, call in premium and refunded premium	(40,308)	—	(40,308)	— %
Payment to refunded bonds	(611,150)	—	(611,150)	— %
Change in fund balances	(124,281)	108,102	(232,383)	(214.97)%
Fund balances, beginning of year	1,274,804	1,166,702	108,102	9.27 %
Fund balances, end of year	<u>\$ 1,150,523</u>	<u>\$ 1,274,804</u>	<u>\$ (124,281)</u>	(9.75)%

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 2024, total revenues for Congestion Management and Highway Program were \$56.6 million, which represent the total amount expended on the projects and fully funded by other

governmental agencies. The overall decrease of \$500 thousand was a result of decline in the activities of projects that are nearing full completion such as US101 De La Cruz Blvd/Trimble Rd Interchange Improvement, SV Express Lanes-US 101/85, and US101. Blossom Hill Road Interchange Improvement..

Total revenues under the Special Revenue Fund primarily include sales tax, grants, investment earnings, member assessments, and vehicle registration fees. This was reported at \$1 billion in FY 2024, an increase of \$306.5 million from the preceding year. The growth primarily reflects increases in local grants from 2016 Measure B for the Bart Silicon Valley Extension, as well as positive investment earnings. These increases were offset by a decline in sales tax revenues. FY 2024, total sales tax revenues were \$533.5 million, a \$14.8 million or 2.7% decrease compared to the prior fiscal year’s sales tax revenues.

Total expenditures were \$613.2 million an increase of \$319.7 million from FY 2023, which was largely from 2016 Measure B activities on bike/pedestrian, local streets and roads, Caltrain Grade Separation and BART-related projects.

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, 2024, investment in capital assets net of accumulated depreciation, amounts to \$5.6 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 2024, VTA acquired and constructed \$574.4 million of capital assets.

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

	2024	2023
Land and Right-of-way	\$ 1,849,613	\$ 1,847,157
Construction in progress	1,783,326	1,248,018
Buildings and improvements	851,670	878,293
Furniture and fixtures	87,827	161,672
Vehicles	338,332	353,343
Caltrain-Gilroy Extension	27,127	28,517
Light Rail Tracks/Electrification	676,594	719,817
Other operating equipment	27,715	30,441
Leasehold improvements	2,354	2,796
Right-to-use assets	1,655	1,838
Subscription assets	622	—
Total	\$ 5,646,835	\$ 5,271,892

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

Long-term debt – At year end, VTA has \$775.4 million bonds outstanding. For FY 2024, new bond issuance, including premium was 643.0 million; the total principal debt payment made was approximately \$662.0 million, and total amortization of the bond premium was \$1.1 million.

Outstanding Debt			
(In thousands)			
	2024		2023
Business-type Activities:			
Sr. Lien Sales Tax Revenue Bonds (1976 Tax)	\$ 54,868	\$	75,623
Secured by Toll Revenues	22,591		23,177
Governmental Activities:			
Sr. Lien Sales Tax Revenue Bonds (2000 Tax)	697,970		696,670
Total	\$ 775,429		\$ 795,470

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) and “AA” rating from Fitch.

The Senior Sales Tax Revenue Bonds, secured by 2000 Measure A sales tax revenues, are rated “Aa2” from Moody’s and “AAA” 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 was \$603.8 million for FY 2024 and is \$624.5 million for FY 2025. The FY 2025 budget assumes a complete return to full service levels to those provided prior to the pandemic and 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. FY 2024 included the implementation of a Capital Reserve

Fund using \$100 million in seed funding that will be used for approved transit-related capital improvements and replacement of capital assets.

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 receipts. 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, 2024

(In thousands)

	Business-Type Activities	Governmental Activities	Total
ASSETS:			
Cash and investments	\$ 1,230,996	\$ 1,134,950	\$ 2,365,946
Receivables, net	20,613	282	20,895
Internal balances	(250)	250	—
Due from other agencies	120,330	240,791	361,121
Inventories	30,504	—	30,504
Prepaid items	7,704	6,610	14,314
Restricted cash and investments	128,959	20,134	149,093
Long-term receivable	89	—	89
Lease receivable	24,744	—	24,744
Net OPEB asset	75,348	—	75,348
Capital assets:			
Capital assets - nondepreciable	3,632,939	—	3,632,939
Capital assets - depreciable, net of accumulated depreciation	2,012,397	—	2,012,397
Intangible right to use assets, net of accumulated amortization	1,499	—	1,499
Total assets	7,285,872	1,403,017	8,688,889
DEFERRED OUTFLOWS OF RESOURCES:			
Refunding amounts	1,970	37,416	39,386
Pension related	64,771	—	64,771
OPEB related	31,845	—	31,845
Total deferred outflows of resources	98,586	37,416	136,002
LIABILITIES:			
Accounts payable and accrued expenses	80,148	209,101	289,249
Deposits	416	—	416
Accrued payroll and related liabilities	9,036	—	9,036
Bond interest and other fees payable	485	7,083	7,568
Unearned revenues	14,984	120	15,104
Other accrued expenses	1,257	—	1,257
Due to other agencies	81,088	43,273	124,361
Noncurrent liabilities:			
Due within one year: Bonds, notes, leases, subscriptions, claims, comp absences	42,186	39,280	81,466
Due in more than one year:			
Bonds, notes, leases, subscriptions, claims, comp absences	128,705	658,690	787,395
Net pension liability	375,304	—	375,304
Total liabilities	733,609	957,547	1,691,156
DEFERRED INFLOWS OF RESOURCES:			
Pension related	17,622	—	17,622
OPEB related	15,807	—	15,807
Lease asset related	23,527	—	23,527
Total deferred inflows of resources	56,956	—	56,956
NET POSITION:			
Net investment in capital assets	5,589,487	—	5,589,487
Restricted:			
1996 Measure B transit program	1,708	—	1,708
Net OPEB Asset	75,348	—	75,348
2016 Measure B transit program	—	842,259	842,259
Air quality program	—	5,258	5,258
Pollution mitigation	—	35,127	35,127
Debt service	3,557	19,594	23,151
237 project fund with cash with fiscal agent	12,384	—	12,384
Congestion management program	—	3,249	3,249
Unrestricted	911,409	(422,601)	488,808
Total net position	\$ 6,593,893	\$ 482,886	\$ 7,076,779

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Activities
For the year ended June 30, 2024
(In thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants	Capital Grants	Business-Type Activities	Governmental Activities	Total
Business-Type Activities							
Transit related:							
Labor, overhead, materials and professional services and other operations	\$ 859,089	\$ 69,114	\$ 183,779	\$ 93,345	\$ (512,851)	\$ —	\$ (512,851)
Capital expenses on behalf of, and contribution to other agencies	1,052	—	—	—	(1,052)	—	(1,052)
Altamont Corridor Express subsidy	4,442	1,654	—	—	(2,788)	—	(2,788)
Other expenses	519	—	—	—	(519)	—	(519)
Claims and change in future claim estimates	18,455	—	—	—	(18,455)	—	(18,455)
Interest expense	2,152	—	—	—	(2,152)	—	(2,152)
Total business-type activities	885,709	70,768	183,779	93,345	(537,817)	—	(537,817)
Governmental activities:							
Congestion Management related:							
Labor, overhead, materials and professional services and other operations	8,634	—	—	—	—	(8,634)	(8,634)
Capital expenses on behalf of, and contribution to other agencies	525,798	—	441,563	—	—	(84,235)	(84,235)
Program payments	19,526	3,321	—	—	—	(16,205)	(16,205)
Other expenses	1,045	—	—	—	—	(1,045)	(1,045)
Interest expense	29,560	—	—	—	—	(29,560)	(29,560)
Total governmental activities	584,563	3,321	441,563	—	—	(139,679)	(139,679)
Total primary government	\$ 1,470,272	\$ 74,089	\$ 625,342	\$ 93,345	(537,817)	(139,679)	(677,496)
General revenues:							
Sales tax revenue					332,191	533,519	865,710
Investment earnings					64,506	59,428	123,934
Other general revenues					3,977	957	4,934
Transfers					541,746	(541,746)	—
Total general revenues and transfers					942,420	52,158	994,578
Change in Net Position					404,603	(87,521)	317,082
Net Position, beginning of the year					6,189,290	570,407	6,759,697
Net Position, end of year					\$ 6,593,893	\$ 482,886	\$ 7,076,779

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fund Net Position
Proprietary Funds
June 30, 2024
(In thousands)

	Business-Type Activities					Internal Service Fund
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 20,854	\$ 938	\$ 5,388	\$ 52	\$ 27,232	\$ 25,324
Investments	775,753	287,393	19,520	29,884	1,112,550	65,890
Receivables, net	17,886	2,718	—	9	20,613	—
Lease receivable	3,057	—	—	108	3,165	—
Due from other funds	2,750	—	—	—	2,750	—
Due from other agencies	105,100	11,360	3,788	82	120,330	—
Inventories	30,504	—	—	—	30,504	—
Prepaid items	4,032	3,672	—	—	7,704	—
Restricted cash and cash equivalents with fiscal agent	1,733	113,018	14,208	—	128,959	—
Total current assets	961,669	419,099	42,904	30,135	1,453,807	91,214
Noncurrent assets:						
Long-term receivable	89	—	—	—	89	—
Lease receivable	21,190	—	—	389	21,579	—
Net OPEB asset	75,348	—	—	—	75,348	—
Capital assets - non-depreciable:						
Land and right of way	1,123,008	723,685	—	2,920	1,849,613	—
Construction in progress	265,999	1,511,421	3,359	2,547	1,783,326	—
Capital assets - depreciable/amortizable:						
Intangible right-to-use assets	2,206	—	—	—	2,206	—
Subscription assets	778	—	—	—	778	—
Caltrain - Gilroy extension	53,790	—	—	—	53,790	—
Buildings and improvements	691,128	518,135	1,881	—	1,211,144	—
Furniture and fixtures	163,766	343,252	14,689	—	521,707	—
Vehicles	625,708	172,482	—	—	798,190	—
Light-rail tracks and electrification	578,843	607,579	—	—	1,186,422	—
Leasehold improvements	9,851	—	—	—	9,851	—
Others	84,131	51	2,022	—	86,204	—
Less accumulated depreciation	(1,400,459)	(448,570)	(6,660)	—	(1,855,689)	—
Less accumulated amortization	(707)	—	—	—	(707)	—
Net capital assets	2,198,042	3,428,035	15,291	5,467	5,646,835	—
Total noncurrent assets	2,294,669	3,428,035	15,291	5,856	5,743,851	—
Total assets	3,256,338	3,847,134	58,195	35,991	7,197,658	91,214
DEFERRED OUTFLOWS OF RESOURCES:						
Refunding amounts	1,970	—	—	—	1,970	—
Pension related	64,771	—	—	—	64,771	—
OPEB related	31,845	—	—	—	31,845	—
Total deferred outflows of resources	98,586	—	—	—	98,586	—

(continued on next page)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Statement of Fund Net Position *(continued)*

Proprietary Funds

June 30, 2024

(In thousands)

	Business-Type Activities					Internal Service Fund
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	
LIABILITIES:						
Current liabilities:						
Current portion of long-term debt	18,535	—	90	—	18,625	—
Accounts payable and accrued expenses	74,586	2,787	2,272	371	80,016	132
Lease payable	171	—	—	—	171	—
Subscription payable	143	—	—	—	143	—
Deposits	301	—	—	115	416	—
Accrued payroll and related liabilities	9,036	—	—	—	9,036	—
Bond interest and other fees payable	188	—	297	—	485	—
Unearned revenues	11,771	—	—	3,213	14,984	—
Other accrued expenses	1,257	—	—	—	1,257	—
Due to other funds	—	3,000	—	—	3,000	—
Due to other agencies	81,088	—	—	—	81,088	—
Claims liability	—	—	—	—	—	8,792
Compensated absences	—	—	—	—	—	14,455
Total current liabilities	197,076	5,787	2,659	3,699	209,221	23,379
Noncurrent liabilities:						
Claims liability	—	—	—	—	—	37,899
Compensated absences	—	—	—	—	—	29,936
Long-term debt	36,333	—	22,501	—	58,834	—
Lease payable	1,570	—	—	—	1,570	—
Subscription payable	466	—	—	—	466	—
Net pension liability	375,304	—	—	—	375,304	—
Total noncurrent liabilities	413,673	—	22,501	—	436,174	67,835
Total liabilities	610,749	5,787	25,160	3,699	645,395	91,214
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	17,622	—	—	—	17,622	—
OPEB Related	15,807	—	—	—	15,807	—
Lease asset related	22,957	—	—	570	23,527	—
Total deferred inflows of resources	56,386	—	—	570	56,956	—
NET POSITION:						
Net Investment in Capital Assets	2,140,694	3,428,035	15,291	5,467	5,589,487	—
Restricted:						
1996 Measure B projects	1,708	—	—	—	1,708	—
Net OPEB Asset (GASB 75)	75,348	—	—	—	75,348	—
Debt service	1,733	—	1,824	—	3,557	—
237 project fund with cash with fiscal agent	—	—	12,384	—	12,384	—
Unrestricted	468,306	413,312	3,536	26,255	911,409	—
Total net position	\$ 2,687,789	\$ 3,841,347	\$ 33,035	\$ 31,722	\$ 6,593,893	\$ —

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

Net Position of Enterprise Funds	\$ 6,593,893
Net Position of Internal Service Funds, which benefits Business-Type Activities	—
Net Position of Business-Type Activities (Page 2-20)	<u>\$ 6,593,893</u>

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2024
(In thousands)

	Business-Type Activities					
	VTA Transit	BART Operating	Express Lanes	Joint Development	Total Enterprise	Internal Service Fund
OPERATING REVENUES:						
Fares - Transit	\$ 28,439	\$ —	\$ —	\$ —	\$ 28,439	\$ —
Fares - Paratransit	1,363	—	—	—	1,363	—
Fares - Bart	—	9,700	—	—	9,700	—
Toll revenues collected	—	—	24,597	—	24,597	—
Advertising and others	4,780	—	—	—	4,780	—
Charges for services	1,040	—	—	849	1,889	19,858
Total operating revenues	<u>35,622</u>	<u>9,700</u>	<u>24,597</u>	<u>849</u>	<u>70,768</u>	<u>19,858</u>
OPERATING EXPENSES:						
Labor cost	415,025	1,160	607	62	416,854	—
Materials and supplies	46,404	6	—	—	46,410	—
Services	65,671	115,673	6,194	4,483	192,021	—
Utilities	13,337	22	92	—	13,451	—
Casualty and liability	9,726	927	—	—	10,653	—
Purchased transportation	29,023	—	—	—	29,023	—
Leases and rentals	1,591	—	—	—	1,591	—
Miscellaneous	2,799	—	17	—	2,816	4,604
Depreciation expense	83,222	111,723	4,022	—	198,967	—
Amortization expense	340	—	—	—	340	—
Costs allocated to capital and other programs	(37,783)	—	—	—	(37,783)	—
Claims and change in future claims estimates	—	—	—	—	—	18,455
Total operating expense	<u>629,355</u>	<u>229,511</u>	<u>10,932</u>	<u>4,545</u>	<u>874,343</u>	<u>23,059</u>
Operating income/(loss)	<u>(593,733)</u>	<u>(219,811)</u>	<u>13,665</u>	<u>(3,696)</u>	<u>(803,575)</u>	<u>(3,201)</u>
NON-OPERATING REVENUES (EXPENSES):						
Sales tax revenue	266,942	65,249	—	—	332,191	—
Federal operating assistance and other grants	5,410	—	—	—	5,410	—
State and local operating assistance grants	178,369	—	—	—	178,369	—
Capital expense on behalf of, and contribution to other agencies	(1,052)	—	—	—	(1,052)	—
Altamont Corridor Express subsidy	(4,442)	—	—	—	(4,442)	—
Investment earnings/(losses)	39,487	19,859	1,591	1,567	62,504	2,002
Interest expense	(962)	—	(1,190)	—	(2,152)	—
Other income	3,440	—	—	—	3,440	537
Other expenses	(515)	(4)	—	—	(519)	—
Total non-operating revenues (expenses)	<u>486,677</u>	<u>85,104</u>	<u>401</u>	<u>1,567</u>	<u>573,749</u>	<u>2,539</u>
Income (loss) before capital contributions and transfers	<u>(107,056)</u>	<u>(134,707)</u>	<u>14,066</u>	<u>(2,129)</u>	<u>(229,826)</u>	<u>(662)</u>
Capital grants and contributions	92,598	—	—	747	93,345	—
Transfers in	88,293	451,497	1,956	—	541,746	—
Change in net position	<u>73,835</u>	<u>316,790</u>	<u>16,022</u>	<u>(1,382)</u>	<u>405,265</u>	<u>(662)</u>
Net position, beginning of year	<u>2,613,954</u>	<u>3,524,557</u>	<u>17,013</u>	<u>33,104</u>	<u>6,188,628</u>	<u>662</u>
Net position, end of year	<u>\$2,687,789</u>	<u>\$ 3,841,347</u>	<u>\$ 33,035</u>	<u>\$ 31,722</u>	<u>\$ 6,593,893</u>	<u>\$ —</u>

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	\$405,265
Change in net position of the Internal Service Fund, which benefits Business-Type Activities	(662)
Change in net position of Business-type Activities (Page 2-21)	<u>\$404,603</u>

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2024
(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	\$ 23,918	\$ 9,700	\$ —	\$ —	\$ 33,618	\$ —
Cash received from Paratransit fares	1,363	—	—	—	1,363	—
Cash received from Tolls	—	—	21,696	—	21,696	—
Cash received from advertising	4,957	—	—	—	4,957	—
Cash paid for labor costs	(399,075)	(1,160)	(607)	(62)	(400,904)	—
Cash paid to suppliers	(60,630)	(111,765)	(5,944)	(4,641)	(182,980)	—
Cash paid for purchased transportation	(29,023)	—	—	—	(29,023)	—
Cash received from contributions	—	—	—	—	—	19,858
Payments made to beneficiaries	—	—	—	—	—	(17,143)
Payments made to third party contractors	—	—	—	—	—	(4,604)
Other receipts/(payments)	11,178	—	—	1,534	12,712	6,283
Net cash provided by/(used in) operating activities	(447,312)	(103,225)	15,145	(3,169)	(538,561)	4,394
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants received	184,098	—	—	—	184,098	—
Sales tax received	269,930	65,944	—	—	335,874	—
Altamont Corridor Express subsidy	(4,442)	—	—	—	(4,442)	—
Capital contributions to other agencies	(1,052)	—	—	—	(1,052)	—
Transfers in	88,191	—	—	—	88,191	—
Net cash provided by/(used in) non-capital financing activities	536,725	65,944	—	—	602,669	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment of long-term debt	(21,580)	—	(5)	—	(21,585)	—
Advance (to)/from other governments	6,056	—	—	—	6,056	—
Interest and other fees paid on long-term debt	(1,036)	—	(1,190)	—	(2,226)	—
Acquisition and construction of capital assets	(48,388)	(399,614)	(1,956)	—	(449,958)	—
Capital contribution from other entities	63,040	—	—	747	63,787	—
Capital acquisition from other funds	—	399,397	1,956	—	401,353	—
Net cash provided by/(used in) capital and related financing activities	(1,908)	(217)	(1,195)	747	(2,573)	—
CASH FLOWS FROM INVESTING ACTIVITIES:						
Proceeds from sale of investments	720,575	208,464	17,321	36,352	982,712	75,472
Purchase of investments	(819,534)	(218,941)	(31,399)	(36,749)	(1,106,623)	(78,467)
Interest income received	31,072	16,505	1,352	1,270	50,199	1,726
Net cash provided by/(used in) investment activities	(67,887)	6,028	(12,726)	873	(73,712)	(1,269)
Net increase/(decrease) in cash and cash equivalents	19,618	(31,470)	1,224	(1,549)	(12,177)	3,125
Cash and cash equivalents, beginning of year	2,969	145,426	18,372	1,601	168,368	22,199
Cash and cash equivalents, end of year	\$ 22,587	\$ 113,956	\$ 19,596	\$ 52	\$ 156,191	\$ 25,324

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Cash Flows
Proprietary Funds (continued)
For the year ended June 30, 2024
(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)	\$ (593,733)	\$ (219,811)	\$ 13,665	\$ (3,696)	\$ (803,575)	\$ (3,201)
Adjustments to reconcile operating income/(loss) to net cash provided by/(used in) operating activities:						
Depreciation	83,562	111,723	4,022	—	199,307	—
Changes in operating assets and liabilities:						
Other current assets	2,528	(205)	—	396	2,719	—
Receivables	6,875	—	(2,901)	272	4,246	6,283
Inventories	(1,365)	—	—	—	(1,365)	—
Accounts payable	44,538	2,072	359	(158)	46,811	(144)
Other accrued liabilities	(1,154)	2,996	—	—	1,842	1,456
Deposits from others	9	—	—	(7)	2	—
Unearned revenue	(4,521)	—	—	24	(4,497)	—
Pension and OPEB related	15,949	—	—	—	15,949	—
Net cash provided by/(used in) operating activities	<u>\$ (447,312)</u>	<u>\$ (103,225)</u>	<u>\$ 15,145</u>	<u>\$ (3,169)</u>	<u>\$ (538,561)</u>	<u>\$ 4,394</u>
Reconciliation of cash and cash equivalents to the Statement of Fund Net Position:						
Unrestricted:						
Cash and cash equivalents	\$ 20,854	\$ 938	\$ 5,388	\$ 52	\$ 27,232	\$ 25,324
Restricted:						
Cash and cash equivalents with fiscal agent	1,733	113,018	14,208	—	128,959	—
	<u>\$ 22,587</u>	<u>\$ 113,956</u>	<u>\$ 19,596</u>	<u>\$ 52</u>	<u>\$ 156,191</u>	<u>\$ 25,324</u>
NONCASH ACTIVITIES:						
Increase/(Decrease) in fair value of investments	\$ 12,435	\$ 5,636	\$ 308	\$ 473	\$ 18,852	\$ 436
Noncash capital contributions	30,056	—	—	—	30,056	—
GASB 96 subscription asset related	156	—	—	—	156	—
GASB 87 leased asset related	(2,700)	—	—	(126)	(2,826)	—
Total non-cash activities	<u>\$ 39,947</u>	<u>\$ 5,636</u>	<u>\$ 308</u>	<u>\$ 347</u>	<u>\$ 46,238</u>	<u>\$ 436</u>

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2024
(In thousands)

	Special Revenue Funds						Total Governmental Funds
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	Congestion Management & Highway Program	BAAQMD Program	SB83 VRF	
ASSETS:							
Cash and cash equivalents	\$ 480	\$ 9	\$ 2,017	\$ 13,077	\$ 1,593	\$ 7,051	\$ 24,227
Investments	187,775	894,624	—	—	2,503	25,821	1,110,723
Accounts receivables	116	—	—	166	—	—	282
Due from other funds	576	—	—	—	—	—	576
Due from other agencies	172,743	46,866	1,459	15,914	1,209	2,600	240,791
Prepaid items	6,610	—	—	—	—	—	6,610
Restricted cash with fiscal agent	19,594	—	—	540	—	—	20,134
Total assets	<u>\$ 387,894</u>	<u>\$ 941,499</u>	<u>\$ 3,476</u>	<u>\$ 29,697</u>	<u>\$ 5,305</u>	<u>\$ 35,472</u>	<u>\$ 1,403,343</u>
LIABILITIES:							
Accounts payable	\$ 99,550	\$ 99,240	\$ 100	\$ 9,819	\$ 47	\$ 345	\$ 209,101
Unearned revenue	97	—	23	—	—	—	120
Due to other funds	—	—	—	326	—	—	326
Due to other agencies	23,617	—	104	19,552	—	—	43,273
Total liabilities	<u>123,264</u>	<u>99,240</u>	<u>227</u>	<u>29,697</u>	<u>47</u>	<u>345</u>	<u>252,820</u>
FUND BALANCES:							
Non-spendable	6,610	—	—	—	—	—	6,610
Restricted	258,020	842,259	3,249	—	5,258	35,127	1,143,913
Total fund balances	<u>264,630</u>	<u>842,259</u>	<u>3,249</u>	<u>—</u>	<u>5,258</u>	<u>35,127</u>	<u>1,150,523</u>
Total liabilities and fund balances	<u>\$ 387,894</u>	<u>\$ 941,499</u>	<u>\$ 3,476</u>	<u>\$ 29,697</u>	<u>\$ 5,305</u>	<u>\$ 35,472</u>	<u>\$ 1,403,343</u>

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	\$ 1,150,523
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	(697,970)
Deferred outflows of resources related to refunding costs	37,416
Interest payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds	(7,083)
Net position of government activities (page 2-20)	<u>\$ 482,886</u>

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2024
(In thousands)

	Special Revenue Funds						Total Governmental Funds
			Congestion Management				
	2000 Measure A Program	2016 Measure B Program	Congestion Management Program	& Highway Program	BAAQMD Program	SB83 VRF	
REVENUES:							
Sales tax revenue	\$ 266,901	\$ 266,618	\$ —	\$ —	\$ —	\$ —	\$ 533,519
Assessment to member agencies	—	—	3,152	—	—	—	3,152
Administrative fees	—	—	169	—	—	—	169
Federal grant revenues	7,663	—	2,632	374	—	—	10,669
State and local grants	355,419	—	112	56,235	2,501	15,841	430,108
Federal subsidy for Build America Bonds	786	—	—	—	—	—	786
Investment earnings	8,209	49,460	57	—	166	1,536	59,428
Other revenues	522	—	435	—	—	—	957
Total revenues	639,500	316,078	6,557	56,609	2,667	17,377	1,038,788
EXPENDITURES:							
Congestion Management - Current							
Labor and overhead costs	—	1,204	5,823	—	—	—	7,027
Professional services	—	965	490	—	—	137	1,592
Materials and services	—	—	15	—	—	—	15
Capital expenditures on behalf of, and contributions to other agencies	21,271	449,739	135	54,653	—	—	525,798
Program payments	—	—	—	—	1,015	18,511	19,526
Other expenditures	1,016	29	—	—	—	—	1,045
Debt Service:							
Principal	29,480	—	—	—	—	—	29,480
Interest	27,325	—	—	—	—	—	27,325
Issuance cost	1,409	—	—	—	—	—	1,409
Total expenditures	80,501	451,937	6,463	54,653	1,015	18,648	613,217
Excess (deficiency) of revenues over expenditures	558,999	(135,859)	94	1,956	1,652	(1,271)	425,571
OTHER FINANCING SOURCES & USES:							
Transfers out	(524,500)	(15,290)	—	(1,956)	—	—	(541,746)
Refunding bonds issued	559,535	—	—	—	—	—	559,535
Premium on refunding bonds issued	83,817	—	—	—	—	—	83,817
Swap termination fee, call in premium and refunded premium	(40,308)	—	—	—	—	—	(40,308)
Payment to refunded bonds	(611,150)	—	—	—	—	—	(611,150)
Net change in fund balances	26,393	(151,149)	94	—	1,652	(1,271)	(124,281)
Fund balances, beginning of year	238,237	993,408	3,155	—	3,606	36,398	1,274,804
Fund balances, end of year	\$ 264,630	\$ 842,259	\$ 3,249	\$ —	\$ 5,258	\$ 35,127	\$ 1,150,523

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	\$	(124,281)
Repayment of debt service is an expenditure in the governmental funds, but reduces the long-term liabilities		29,480
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		1,422
Amortization of gain on refunding debt		69
Amortization of loss on refunding debt		(3,161)
Change in accrued interest payable		8,950
Change in net position of governmental activities (page 2-21)	\$	(87,521)

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024
(In thousands)

		ATU Pension, ATU Medical & OPEB Trust Funds
ASSETS:		
Cash and investments:		
Cash and cash equivalents	\$	5,608
Corporate bonds		62,475
Municipal bonds		1,673
U.S. government agency bonds		65,696
U.S. treasury		19,352
Money market funds		5,144
Equity based		687,567
Real asset funds		56,252
Alternative investments		261,175
Receivables		1,438
Prepaid items		14
Due from other agencies		10
Total assets		1,166,404
LIABILITIES:		
Accounts payable		2,930
Unearned revenues		19
Total liabilities		2,949
NET POSITION:		
<i>Restricted for:</i>		
ATU pension benefits		709,811
Retiree medical benefits		401,101
ATU retiree spousal medical benefits		30,979
ATU retiree dental and vision benefits		21,564
Total net position	\$	1,163,455

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2024
(In thousands)

	ATU Pension, ATU Medical & OPEB Trust Funds
ADDITIONS:	
Employee contributions	\$ 8,781
Employer contributions	35,389
Total contributions	44,170
Investment earnings	
Investment income	32,588
Net change in the fair value of investments	109,553
Investment expense	(11,901)
Net investment earnings/(losses)	130,240
Total additions	174,410
DEDUCTIONS:	
Benefit payments	71,870
Administrative expenses	490
Total deductions	72,360
Change in net position	102,050
Net position, beginning of year	1,061,405
Net position, end of year	\$ 1,163,455

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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:

<u>Asset being Depreciated</u>	<u>Useful Life</u>
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, 2024, on pages 2-22 and 2-23, reports that enterprise fund net investment in capital assets (net of related debt) is \$5.6 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 \$37.8 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. 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. The statement did not have a significant impact on VTA's 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 is evaluating the impact of this statement to the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures* - requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. The Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources. The Statement defines a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. VTA does not expect this standard to have a significant impact to the financial statements.

GASB Statement No. 103, *Financial Reporting Model Improvements* - In April 2024 GASB issued Statement No. 103. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. 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, 2024, 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	\$ 27,232	\$ 25,324	\$ 24,227	\$ 5,608	\$ 82,391
Restricted Cash and Cash Equivalents with Fiscal Agents	128,959	—	20,134	—	149,093
Total cash equivalents	156,191	25,324	44,361	5,608	231,484
Investments	1,112,550	65,890	1,110,723	1,159,334	3,448,497
Total Cash and Investments	\$1,268,741	\$ 91,214	\$ 1,155,084	\$ 1,164,942	\$ 3,679,981

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, not exceeding 30% of the total operations pool, collateralized savings/money market accounts not exceeding 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). When the year ended, however, VTA has no deposits with LAIF. VTA will continue to use LAIF as a mechanism to respond to liquidity needs. 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, 2024, was 217 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, 2024 (in thousands):

	Maturity				Total
	Less than 1 year	1-5 Years	6-10 Years	Over 10 Years	
OPERATIONS POOL					
Corporate Bonds	\$ 135,175	\$ 828,279	\$ —	\$ —	\$ 963,454
Municipal Bonds	51,122	29,170	—	—	80,292
Commercial Papers/CD	108,863	—	—	—	108,863
US Government Agency Bonds	61,638	196,877	—	—	258,515
US Treasury	162,465	708,980	—	—	871,445
Money Market Funds	6,594	—	—	—	6,594
Subtotal	<u>\$ 525,857</u>	<u>\$ 1,763,306</u>	<u>\$ —</u>	<u>\$ —</u>	2,289,163
Cash with Fiscal Agents					149,093
Cash Deposits					76,783
Total cash and investments in the operations pool					<u>2,515,039</u>

	Maturity				Total
	Less than 1 year	1-5 Years	6-10 Years	Over 10 Years	
RETIREE BENEFITS POOL					
Corporate Bonds - Pension	\$ 1,019	\$ 10,202	\$ 12,039	\$ 14,137	\$ 37,397
Corporate Bonds - OPEB	870	6,678	8,650	8,880	25,078
Municipal Bonds - Pension	—	—	410	585	995
Municipal Bonds - OPEB	—	—	387	291	678
US Government Agency Bonds - Pension Plan	2	26	959	39,233	40,220
US Government Agency Bonds - OPEB Plan	—	21	347	25,108	25,476
US Treasury - Pension	—	—	—	12,211	12,211
US Treasury - OPEB	—	—	—	7,141	7,141
Money Market Funds - Pension	3,313	—	—	—	3,313
Money Market Funds - OPEB	1,831	—	—	—	1,831
Subtotal	<u>\$ 7,035</u>	<u>\$ 16,927</u>	<u>\$ 22,792</u>	<u>\$ 107,586</u>	154,340
Equity Based					687,567
Real Assets Funds					56,252
Alternative Investments					261,175
Cash Deposits					5,608
Total cash and investments in the retiree benefits pool					<u>1,164,942</u>
Total cash and investments					<u>\$ 3,679,981</u>

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 and Moody's Investors Service are included below (in thousands):

	Rating as of June 30, 2024		
	Operations Pool	Retiree Benefits Pool	Total
Corporate bonds			
A	\$ 401,835	\$ 4,832	\$ 406,667
AA	119,233	5,816	125,049
AAA	347,201	241	347,442
B	—	1,080	1,080
BB	—	4,465	4,465
BBB	90,962	46,041	137,003
AA+u	4,223	—	4,223
Municipal bonds			
A	15,473	635	16,108
A1	2,320	—	2,320
AA	48,080	1,038	49,118
Aa1	4,985	—	4,985
Aa2	3,821	—	3,821
Aa3	4,464	—	4,464
AAA	1,149	—	1,149
Certificates of Deposit			
A1	62,274	—	62,274
Commercial Paper			
A1	46,589	—	46,589
US Government Agencies			
AA	128,261	65,696	193,957
AA+u	110,404	—	110,404
AAA	19,850	—	19,850
US Treasury Notes			
AA+	—	19,352	19,352
AA+u	159,405	—	159,405
AAA	712,040	—	712,040
Unrated cash and investments			
Cash with Fiscal Agents	149,093	5,608	154,701
Real Assets Funds	—	56,252	56,252
Equity Based	—	687,567	687,567
Alternative Investments	—	261,175	261,175
Money Market Funds	6,594	5,144	11,738
Deposits with financial institutions	76,783	—	76,783
TOTAL	\$ 2,515,039	\$ 1,164,942	\$ 3,679,981

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, 2024, 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, 2024, 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, 2024:

Operations Pool	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Corporate Bonds	\$ —	\$ 963,454	\$ —	\$ 963,454
Municipal Bonds	—	80,292	—	80,292
US Government Agency Bonds	—	258,515	—	258,515
US Treasury	871,445	—	—	871,445
Certificates of Deposit	—	62,274	—	62,274
Subtotal	\$871,445	\$ 1,364,535	\$ —	2,235,980
Not subject to the fair value hierarchy				
Money Market Funds				6,594
Cash with Fiscal Agents				149,093
Commercial Papers				46,589
Cash Deposits				76,783
Subtotal				279,059
Cash and investments in the operations pool				2,515,039
Retiree Benefits Pool	Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
Corporate Bonds - Pension Plan	\$ —	\$ 37,397	\$ —	\$ 37,397
Corporate Bonds - OPEB Plan	—	25,078	—	25,078
Municipal Bonds - Pension Plan	—	995	—	995
Municipal Bonds - OPEB Plan	—	678	—	678
US Government Agency Bonds - Pension Plan	—	40,220	—	40,220
US Government Agency Bonds - OPEB Plan	—	25,476	—	25,476
US Treasury - Pension Plan	12,211	—	—	12,211
US Treasury - OPEB Plan	7,141	—	—	7,141
Equity Based	—	687,567	—	687,567
Subtotal	\$ 19,352	\$ 817,411	\$ —	836,763
Net Asset Value				
Real Assets Funds				56,252
Alternative Investments				261,175
Subtotal				317,427
Not subject to the fair value hierarchy				
Money Market Funds - Pension				3,313
Money Market Funds - OPEB				1,831
Cash Deposits				5,608
Subtotal				10,752
Cash and investments in the retiree benefits pool				1,164,942
Total cash and investments				\$3,679,981

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.

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, 2024, 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	\$ 466
Australian Dollar	11,004
Brazilian Real	1,792
Swiss Franc	14,064
Chilean Peso	210
Chinese Yuan Renminbi Offshore	6
Chinese Yuan Renminbi Onshore	1,419
Columbia Peso	39
Czech Koruna	54
Danish Krone	5,796
Egyptian Pound	40
Euro	49,798
British Pound Sterling	22,534
Hong Kong Dollar	10,049
Hungarian Forint	96
Indonesian Rupiah	678
Israeli new Shekel	485
Indian Rupee	8,802
Japanese Yen	33,483
South Korean Won	5,214
Kuwaiti Dinar	335
Mexican Peso	883
Malaysian Ringgit	665
Norwegian Krone	912
New Zealand Dollar	280
Philippine Peso	237
Polish Zloty	439
Qatari Riyal	326
Saudi Riyal	1,667
Swedish Krona	4,722
Singapore Dollar	1,677
Thai Baht	657
Turkish New Lira	442
Taiwan Dollar	8,515
South African Rand	1,273
Total	\$ 189,059

NOTE 4 – INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2024, is as follows (in thousands):

	Due from other funds	Due to other funds
Enterprise Funds		
VTA Transit	\$ 2,750 ^{1,2,3}	\$ —
BART Operating	—	3,000 ²
Subtotal	<u>2,750</u>	<u>3,000</u>
Governmental Funds		
2000 Measure A Program	576 ³	—
Congestion Management & Highway Program	—	326 ¹
Subtotal	<u>576</u>	<u>326</u>
Total	<u>\$ 3,326</u>	<u>\$ 3,326</u>

¹ Represents expenses paid at year-end by VTA Transit fund on behalf of Congestion Management & Highway Program, but were not reimbursed until the following period.

² Represents expenses paid at year-end by VTA Transit fund on behalf of BART Operating, but were not reimbursed until the following period.

³ Represents true-up of Q4 sales tax regarding operating assistance for 2000 Measure A program.

A summary of the transfers in/out for the year ended June 30, 2024, is as follows:

Transfer from	Transfer to	Purpose	Amount (in thousands)
2000 Measure A Fund	VTA Transit Fund	Fund capital acquisitions	\$ 102
		Operating Assistance	55,382
		Meas A Repayment Obligation	17,519
2016 Measure B Fund	VTA Transit Fund	Operating Assistance	<u>15,290</u>
		Subtotal	88,293
Congestion Management & Highway Program	Express Lanes	Fund capital acquisitions	1,956
2000 Measure A Fund	BART Operating Fund	Fund capital acquisitions	<u>451,497</u>
		Total	<u>\$ 541,746</u>

The transfer to VTA Transit includes \$102 thousand of fund capital acquisitions from 2000 Measure A (consisting of facility modifications for bus rapid transit and capital improvement to the light rail corridor), \$17.5 million of Measure A Repayment Obligation, \$55.4 million of operating assistance from 2000 Measure A, and \$15.3 million of operating assistance from 2016 Measure B Program. Express Lanes received \$2.0 million capital acquisitions from Congestion Management and Highway Program. The \$451.5 million transfer to BART Operations consists of capital acquisition from 2000 Measure A (including Silicon Valley Berryessa Extension Phase II development costs, utility relocations costs at the Eastridge to BART Regional Connector and BART vehicle procurement projects).

NOTE 5 – DUE FROM AND DUE TO OTHER AGENCIES

Due from other agencies as of June 30, 2024 consisted largely of sales tax receivables of \$151.9 million (\$58.2 million under enterprise funds, and \$93.7 million under governmental funds) and State Transit Assistance of \$13.1 million. A summary is provided as follows (in thousands):

Due from Other Agencies	Enterprise Funds	Fiduciary Funds	Governmental Funds
Federal Government	\$ 42,982	\$ —	\$ 6,317
State Government	75,803	—	103,664
Cities and other local agencies	1,545	10	130,810
Total	\$ 120,330	\$ 10	\$ 240,791

Due to other agencies as of June 30, 2024 consisted of advances for capital projects received from the entities as provided below (in thousands):

Due to Other Agencies	Enterprise Funds	Governmental Funds
State	\$ 27,184	\$ 21,724
CDTFA CA TDA	50,400	—
Local & Other cities	3,504	21,549
Total	\$ 81,088	\$ 43,273

NOTE 6 – CAPITAL ASSETS

Capital asset changes for VTA’s business-type activities for the year ended June 30, 2024, were as follows (in thousands):

	July 1, 2023	Additions	Retirements	Transfers	June 30, 2024
Capital assets, not being depreciated					
Land and right-of-way	\$ 1,847,157	\$ —	\$ —	\$ 2,456	\$ 1,849,613
Construction in progress	1,248,018	573,531	(168)	(38,055)	1,783,326
Total capital assets, not being depreciated	3,095,175	573,531	(168)	(35,599)	3,632,939
Capital assets, being depreciated					
Caltrain - Gilroy extension	53,790	—	—	—	53,790
Buildings and improvements	1,209,238	—	—	1,906	1,211,144
Furniture and fixtures	530,769	108	(19,839)	10,669	521,707
Vehicles	803,224	—	(25,185)	20,151	798,190
Light rail tracks and electrification	1,185,153	—	—	1,269	1,186,422
Leasehold improvement	9,851	—	—	—	9,851
Others	84,600	—	—	1,604	86,204
Total capital assets, being depreciated	3,876,625	108	(45,024)	35,599	3,867,308
Accumulated Depreciation					
Caltrain - Gilroy extension	(25,273)	(1,390)	—	—	(26,663)
Buildings and improvements	(330,945)	(28,529)	—	—	(359,474)
Furniture and fixtures	(369,097)	(84,623)	19,840	—	(433,880)
Vehicles	(449,881)	(35,161)	25,184	—	(459,858)
Light rail tracks and electrification	(465,336)	(44,492)	—	—	(509,828)
Leasehold improvement	(7,055)	(442)	—	—	(7,497)
Other	(54,159)	(4,330)	—	—	(58,489)
Total accumulated depreciation	(1,701,746)	(198,967)	45,024	—	(1,855,689)
Total capital assets, being depreciated, net	2,174,879	(198,859)	—	35,599	2,011,619
Intangible assets, being amortized					
Right-to-use assets - Ground leases	2,206	—	—	—	2,206
Subscription assets	—	778	—	—	778
Total Intangible assets, being amortized	2,206	778	—	—	2,984
Accumulated Amortization					
Right-to-use assets - Ground leases	(368)	(183)	—	—	(551)
Subscription assets	—	(156)	—	—	(156)
Total accumulated amortization	(368)	(339)	—	—	(707)
Total Intangible assets, being amortized, net	1,838	439	—	—	2,277
Total capital assets and intangible assets, net	\$ 5,271,892	\$ 375,111	\$ (168)	\$ —	\$ 5,646,835

Construction in Progress (CIP) includes capitalized costs and right-of-way acquisitions associated with the following projects as of June 30, 2024, (in thousands):

Silicon Valley Rapid Transit	\$ 1,471,849
Light Rail Program	94,504
Bus Program	16,827
Operating Facilities & Equipment	36,554
Revenue Vehicles & Equipment	40,548
Information Systems Technology	22,145
Light Rail - Way, Power & Signal	61,130
Silicon Valley Express	3,359
Non-Revenue Vehicle	3,418
Passenger Facilities	5,150
Joint Development	4,004
Vasona Corridor Projects	20
Diridon Property	23,818
Total	<u><u>\$ 1,783,326</u></u>

NOTE 7 - LONG-TERM DEBT & LIABILITIES

Long-term debt service as of June 30, 2024, 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 (\$12,620 plus unamortized premium of \$3,213)	\$ 15,833
2018 Series A Refunding (\$32,580 plus unamortized premium of \$6,455)	39,035

Secured by Toll Revenues:

Silicon Valley Express Lanes State Route 237 Loan	22,591
Subtotal	<u>77,459</u>
Less: Current portion of long-term debt	<u>(18,625)</u>
Long term debt, excluding current portion	<u><u>\$ 58,834</u></u>

Governmental Activities:

Sales tax revenue bonds secured by VTA'S 2000 Measure A 1/2-cent sales tax:

2015 Series A-B Refunding (\$8,465 plus unamortized premium of \$2,377)	\$ 10,842
2020 Series A Measure A Refunding	69,675
2023 Series A Measure A Refunding (\$533,985 plus unamortized premium of \$83,468)	617,453
Subtotal	<u>697,970</u>
Less: Current portion of long-term debt	<u>(39,280)</u>
Long term debt, excluding current portion	<u><u>\$ 658,690</u></u>

(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 February 2015, \$89.98 million of 2015 Measure A Series A and B Bonds 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 Bonds were issued to advance refund the 2027 through 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%.
- In August 2023, \$559.5 million of 2023 Measure A Series A Refunding Bonds were issued to advance refund the 2008 Series A-D Measure A Sales Tax Revenue Refunding Bonds (the “2008 Series Bonds”) having a final maturity on April 1, 2036 as well as the 2010 Series A Taxable Build America Bonds (the “2010 Series A Bonds maturing on April 1, 2032”), (aggregately the “Prior Bonds”). As part of the refunding, VTA terminated the four associated fixed payor interest rate swaps associated with the 2008 Measure A Bonds. Unlike a traditional refunding for debt service savings, the purpose of the 2023 Bonds was to simplify VTA’s debt portfolio, and to eliminate future uncertainty related to variable rate 2008 Measure A Bonds and the related interest rate swaps, as well as to eliminate future uncertainty related to the Build America Bond subsidies that were subject to Congress’s decision on reauthorizing the subsidy payments. In connection with the refunding of the 2010 Bonds, VTA paid a make whole redemption premium based on its Extraordinary Optional Redemption. The refunding bonds were issued at an all-in true interest cost of 3.52%. The 2023 Series A Bonds were issued as a traditional fixed rate bond in a negotiated sale.

VTA was able to take advantage of unusual market conditions that resulted in a favorable ratio between tax-exempt and taxable rates, creating the opportunity to address the risks posed by the Prior Bonds while achieving a net present value savings of 12.1 million.

(d) Interest Rate Swaps

In August 2023, the VTA fully refunded the 2008 Series A, B, C & D Bonds and terminated the four fixed payor interest rate swaps associated with them.

(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% - 5.15%. Projected principal and interest obligations as of June 30, 2024, are as follows (in thousands):

Business-Type Activities:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 18,625	\$ 3,343	\$ 21,968
2026	19,510	2,408	21,918
2027	4,990	1,445	6,435
2028	5,265	1,190	6,455
2029	1,620	937	2,557
2030-2034	9,445	3,290	12,735
2035-2038	8,336	695	9,031
	<u>67,791</u>	<u>\$ 13,308</u>	<u>\$ 81,099</u>
Unamortized bond premium	9,668		
Total debt	77,459		
Less current portion	(18,625)		
Long-term portion of debt	<u>\$ 58,834</u>		

Governmental Activities:

	Principal	Interest	Total
Year ending June 30:			
2025	\$ 39,280	\$ 27,851	\$ 67,131
2026	41,205	25,913	67,118
2027	43,160	23,936	67,096
2028	45,090	21,985	67,075
2029	47,125	19,925	67,050
2030-2034	269,975	64,868	334,843
2035-2036	126,290	7,432	133,722
	<u>612,125</u>	<u>\$ 191,910</u>	<u>\$ 804,035</u>
Unamortized bond premium	85,845		
Total debt	697,970		
Less current portion	(39,280)		
Long-term portion of debt	<u>\$ 658,690</u>		

(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 2024 available to fund principal and interest requirements for the debt secured by 1976 Half-Cent Sales Tax was \$266.9 million

and debt service was \$18.7 million. As a result, the debt service coverage ratio was 14.3 in FY 2024. The Express Lane debt of \$22.59 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, 2023	Additions	Reductions	June 30, 2024	Amounts Due Within One Year
Sales Tax Revenue Bonds					
Secured by 1976 1/2 Cent Sales Tax					
2017 Series B	\$ 15,140	\$ —	\$ 2,520	\$ 12,620	\$ 2,625
2018 Series A	47,770	—	15,190	32,580	15,910
Silicon Valley Express Lanes State Route 237 Loan	23,177	—	586	22,591	90
Plus (less) premium/discounts	12,713	—	3,045	9,668	—
Outstanding Debt, Net	98,800	—	21,341	77,459	18,625
Claims Liability:					
General Liability	17,979	5,321	4,622	18,678	4,360
Worker's Compensation	30,495	9,237	11,720	28,012	4,432
Compensated Absences	41,690	7,276	4,575	44,391	14,455
Total Long-Term Liabilities	\$ 188,964	\$ 21,834	\$ 42,258	\$ 168,540	\$ 41,872

Governmental Activities:

The amount of pledged revenue recognized during fiscal year 2024 available to fund principal and interest requirements for the debt secured by 2000 Measure A Half-Cent Sales Tax was \$266.9 million and debt service was \$70.8 million. As a result, the debt service coverage ratio was 3.8 in FY 2024.

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

(Dollars in thousands)	July 1, 2023	Additions	Reductions	June 30, 2024	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	375,275	—	375,275	—	—
2015 Series A-B	12,395	—	3,930	8,465	4,130
2020 Series A	69,675	—	—	69,675	1,065
2023 Series A	—	559,535	25,550	533,985	34,085
Plus (less) premium/discounts	3,450	83,468	1,073	85,845	—
Total Long-Term Liabilities	\$ 696,670	\$ 643,003	\$ 641,703	\$ 697,970	\$ 39,280

VTA's Transit Fund reported a deferred amount on refunding in the amount of \$0.2 million related to the 2017 bonds and \$1.7 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 \$0.4 million and \$1.9 million to the 2020 bond as deferred outflows of resources as well as \$2.3 million to the 2023 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 \$266.9 million individually in FY 2024.

(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 2024 is \$65.2 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 2024 recognized \$266.6 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. This project which is anticipated to open in 2037, has a new estimated total cost of \$12.745 million, and will be funded by 2000 Measure A and 2016 Measure B sales taxes, along with federal, state, and regional funds.

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. 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, 2024, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating Grants:		
FTA Section 9 (49 USC 5307)	\$ 5,270	\$ —
Section 5311	113	—
Mobility	27	—
Federal Technical Studies	—	2,632
Pass-through Operating Grants	—	374
Total Operating Grants	<u>5,410</u>	<u>3,006</u>
Capital Grants:		
FTA New Starts FFGA	—	7,646
FTA Section 5307	34,107	17
FTA Section 5309	30	—
FTA Section 5337	27,710	—
FTA Section 5312	50	—
FTA Section 5339	656	—
FTA Section 2005b	331	—
Pass-through Capital Grants	461	—
Total Capital Grants	<u>63,345</u>	<u>7,663</u>
Total operating & capital grants	<u>\$ 68,755</u>	<u>\$ 10,669</u>

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.

Federal Section 5337 is a component of the State of Good Repair Program (49 USC 5337) which provides capital assistance for maintenance replacement, and rehabilitation projects of high-intensity fixed guideway and motorbus systems to help transit agencies maintain assets in a state of good repair in urbanized areas. This fund is also used for the development and implementation of the Transit Asset Management plans.

(b) State and Local Grants and Assistance

State and local grants for the year ended June 30, 2024, are summarized as follows (in thousands):

	Enterprise Funds	Special Revenue Funds
Operating grants:		
Transportation Development Act	\$ 126,413	\$ —
State Transit Assistance	45,273	—
Apprenticeship Program	591	—
State Operating Assistance Grants	4,691	112
AB 434	393	—
Congestion Management & Highway Program-State Grants	—	11,456
Energy Credit	1,009	
SB83	—	15,841
BAAQMD	—	2,501
Congestion Management & Highway Program-2000 Measure A Swap Program	—	221
Other Local Grants:		
2016 Measure B	—	33,613
Santa Clara County (Fund Swap Program)	—	6,379
Various cities, counties and others	—	4,566
Total operating grants	178,369	74,689
Capital grants:		
Proposition 1B Fund	—	3,700
Metropolitan Transportation Commission	919	—
SB1	696	—
California Energy Commission	190	224
Low Carbon Transit Operations Program	2,110	3,294
Regional Measure 3	23,819	—
Transit and Intercity Rail Capital Program	—	16
2016 Measure B	1,355	347,395
Various cities, counties and others	911	790
Total Capital Grants	30,000	355,419
Total State and Local Grants and Assistance	\$ 208,369	\$ 430,108

The Transportation Development Act (TDA) funds represent VTA's share of the 0.25% sales tax collected in the County. The revenue for FY 2024 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 \$430.1 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. SB83 provided funding for repair and new construction projects on state highways and freeways, as well as local streets and roads.

Energy credits were Low Carbon Fuel Standard (LCFS) credits sold to eligible bidders. These credits were generated by utilizing low-carbon electricity for transportation fuel. VTA earns LCFS credits on the public use of Electric Vehicle chargers, light rail and through the BART extension between Warm Springs and Berryessa BART Stations.

2016 Measure B enhances transit, highways, expressways and active transportation projects (bicycles, pedestrians and complete streets). Significant spending increases in FY2024 were primarily for the Bart Phase II Extension to Santa Clara. Other notable activities included improvements at US 101 Dela Cruz Boulevard/Trimble Road, US 101/State Road 25, and I-280/Wolfe Road.

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.

State of Good Repair funds were passed through the Metropolitan Transportation Commission (MTC). This grant funds transit infrastructure repair and service improvements. This fund is made available to eligible transit maintenance, rehabilitation and capital projects. The Low Carbon Transit Operations Program from State of California is an operating and capital

assistance for transit agencies to reduce Greenhouse Gas emissions and improve mobility, with a priority on serving disadvantaged communities. This is funding the Eastridge to BART Regional Connector project and the eBus charging Station Expansion project.

Sponsored by the Bay Area Toll Authority, Regional Measure 3 was authorized by SB 595 and identified a plan to build major roadway and public transit improvements via an increase in tolls on the region's seven state-owned toll. This funding was used on the San Jose Diridon Station planning and right-of-way acquisition project.

Various cities, counties, and other agencies mainly include funding received from the City of San Jose, City of Sunnyvale, City of Cupertino, City of Milpitas, Santa Clara Valley Water District, and the County of Santa Clara. Contributions 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.

Classic Employees

Employee members attaining age 55 and completing 15 years of eligibility service, or attaining age 65 and completing 10 years of eligibility service, or attaining age 65 and completing 5 years of eligibility service, provided the Board of Pensions approves such an election, are entitled to full annual pension benefits. The Plan also permits Occupational or Total and Permanent Disability Pension benefits if an employee becomes disabled after 10 or more years of eligibility service and elects to retire as a result of said disability. An employee member who terminates his/her employment or is terminated by VTA or the Union and has completed at least one period of 10 or more years of eligibility service and has not qualified for a service or disability pension under the plan may be eligible for a deferred vested retirement upon attaining 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.

PEPRA (New) Employees

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, 2024, is as follows:

Membership Status	
Retirees and beneficiaries currently receiving benefits	1,726
Terminated vested members not yet receiving benefits	102
Active Members	1,597
Total	<u><u>3,425</u></u>

(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 2024, the actuarially-determined contribution was \$30.42 million. As the Plan elected to use June 30, 2024 as its measurement date, employer contributions for FY 2024 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, 2023	\$ 893,993	\$ 648,362	\$ 245,631
Changes:			
Service cost	21,610	—	21,610
Interest (includes interest on service cost)	58,800	—	58,800
Changes of benefits	—	—	—
Differences between expected and actual experience	5,390	—	5,390
Changes of assumptions	(4,765)	—	(4,765)
Contributions - Employer	—	30,426	(30,426)
Contributions - Member	—	6,844	(6,844)
Net investment income	—	79,498	(79,498)
Benefit Payments, including Refunds of Employee Contributions	(54,912)	(54,912)	—
Administrative expense	—	(407)	407
Net changes	26,123	61,449	(35,326)
Balance at June 30, 2024	\$ 920,116	\$ 709,811	\$ 210,305

(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 49%. A one percent increase in the discount rate decreases the Net Pension Liability by 42%.

	Discount rate -1% 5.75%	Discount rate 6.75%	Discount rate + 1% 7.75%
	(in thousands)		
Net Pension Liability	\$313,853	\$210,305	\$122,891

(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, 2023, and projected forward to the beginning of the measurement year of June 30, 2023. The TPL at the end of the measurement year, June 30, 2024, is measured as of a valuation date of January 1, 2024, and projected forward to June 30, 2024.

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 6.75%. The discount rate was determined based on an assumption that the Plan members will continue to contribute to the Plan according to the established contribution rates, and that the VTA will continue to contribute to the Plan based on an actuarially determined contribution as detailed in the January 1, 2024 actuarial valuation report. The actuarially determined contribution reflects a payment equal to the employer's share of the annual Normal Cost, the expected Administrative Expenses, and an amount necessary to amortize the Unfunded Actuarial Liability in level dollar payments over closed layers, with a 20-year period for each layer.

Adherence to the actuarial funding policy described below will result in the pension plan's projected Fiduciary Net Position being greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The discount rate used to measure the Total Pension Liability at the beginning of the measurement year of June 30, 2023, however, was based on a cash flow projection. The projected benefit payments were 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 was 6.70%.

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%	3.9%
International Equity	13%	3.6%
Emerging Markets Equity	5%	6.3%
Private Equity	4%	7.3%
Diversified Real Assets	5%	3.8%
Private Credit	9%	6.1%
Domestic Fixed Income	14%	2.3%
Treasuries	3%	1.7%
Absolute Return FoF	6%	3.8%
Real Estate	10%	3.9%
Cash	1%	0.9%
	<u>100%</u>	

¹30-Year Inflation Assumption = 2.6%

(h) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2024, the plan's fiduciary net position amounts to \$709.8 million.

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

For the measurement period ending June 30, 2024, VTA incurred pension expense of \$37 million and as of June 30, 2024, 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	\$ 11,838	\$ 1,037
Changes in assumptions	3,026	5,247
Net difference between projected and actual earnings on pension plan investments	—	10,437
Total	<u>\$ 14,864</u>	<u>\$ 16,721</u>

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2025	\$ (5,818)
2026	15,852
2027	(4,959)
2028	(6,932)
2029	—
Thereafter	—
	\$ (1,857)

(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	\$ 14,864	\$ 49,907	\$ 64,771
Deferred Inflows of Resources	16,721	901	17,622
Net Pension Liability	210,305	164,999	375,304
Pension Expense	36,557	28,242	64,799

NOTE 12 – PUBLIC EMPLOYEES’ RETIREMENT PLAN

(a) Plan Description and Benefits Provided

The California Public Employees' Retirement System (CalPERS), is a multiple-employer defined pension and health benefits agency that provides retirement and health benefits to the public employees in California including VTA. As a pooled investment vehicle, the agency 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.

CalPERS benefits accruals are determined on years of credited service, equal to one year of full time employment. Members can retire at age 50 for Classic Members or age 52 for New Members with statutorily reduced benefits, provided they have vested with a minimum of five years of total service. After vesting, all members are eligible for non-duty disability benefits. Upon a member's death, beneficiaries are entitled to either the Basic Death Benefit or the 1957 Survivor Benefit. These benefits and eligibility criteria are defined by state statute and VTA

resolutions, with VTA contracting CalPERS to manage them. The standard retirement benefit is 2% of final compensation for each credited service year.

VTA membership in the Plan as of June 30, 2022, the most recent actuarial valuation, is as follows:

Retirees and beneficiaries receiving benefits	840
Terminated and vested members not yet receiving benefits	371
Active members	619
Total	<u>1,830</u>

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 PEPR (Public Employees' Pension Reform Act) contribute 8% effective 7/1/2023 as determined by CalPERS.

The employer's contribution rate from July 1, 2023, through June 30, 2024, was 10.57%. 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 2024, VTA contributed \$20.72 million, which is equal to the actuarially-determined contributions. The required contribution for FY 2024 was based on the

actuarial valuation report as of June 30, 2021 using the entry age normal cost method with the contributions determined as a percent of pay. VTA's annual pension contribution of \$20.72 million in FY 2024 was deferred as VTA opted for June 30, 2023, to be its measurement date.

(d) Net Pension Liability

The net pension liability was measured using an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 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, 2023	\$ 572,972	\$ 413,130	\$ 159,842
Changes:			
Service cost	12,530	—	12,530
Interest on the Total Pension Liability	39,223	—	39,223
Changes of benefit terms	571	—	571
Differences between Expected and Actual Experience	2,905	—	2,905
Plan to Plan Resource Movement	—	(3)	3
Contributions from the Employer	—	19,530	(19,530)
Contributions from Employees	—	5,308	(5,308)
Net investment income	—	25,541	(25,541)
Benefit Payments, including Refunds of Employee Contributions	(28,529)	(28,529)	—
Administrative Expense	—	(304)	304
Net changes	26,700	21,543	5,157
Balance at June 30, 2024	<u>\$ 599,672</u>	<u>\$ 434,673</u>	<u>\$ 164,999</u>

(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	\$241,914	\$164,999	\$101,084

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

For the measurement period ended June 30, 2023, the total pension liability was determined by rolling forward the June 30, 2022 total pension liability. Total pension liability was based on the following actuarial methods and assumptions:

Valuation date	June 30, 2022
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%
Investment rate of return	7% Net of Pension Plan Investment and Administrative Expenses; includes inflation
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 %

¹An expected inflation of 2.3% used for this period
Source: 2021-22 Asset Liability Management Study

(h) Pension Plan's Fiduciary Net Position

The plan's fiduciary net position as of June 30, 2023 is \$434.7 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, 2024, VTA incurred a pension expense of \$28.2 million for the Plan. As of June 30, 2024, 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	\$ 2,144	\$ 901
Changes of Assumptions	7,258	—
Net Difference between Projected and Actual Earnings on Pension Plan Investments	19,786	—
Contribution subsequent to measurement date	20,719	—
Total	<u>\$ 49,907</u>	<u>\$ 901</u>

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
2025	\$ 8,756
2026	5,049
2027	13,919
2028	563
	<u>\$ 28,287</u>

(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 \$157 per month in 2024.

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, 2024, 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 currently receiving benefits	1,244	619	1,863
Retirees not yet receiving benefits	88	80	168
Active (Vested)	1,593	708	2,301

(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, 2024, the Plan's net position of \$401.1 million was available to cover costs of the ATU and Non-ATU Programs. The \$5.0 million contribution in FY 24 is entirely a cash contribution.

(d) Changes in Net OPEB Asset

The Net OPEB Asset was \$75.3 million as of June 30, 2024. 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, 2023	\$ 282,937	\$ 368,356	\$ (85,419)
Changes:			
Service cost	9,140	—	9,140
Interest (includes interest on service cost)	17,785	—	17,785
Changes of assumptions	27,306	—	27,306
Difference between Expected and Actual Experience	3,614	—	3,614
Contributions -Employer	—	4,963	(4,963)
Benefit Payments	(15,029)	(15,029)	—
Non-Benefit Related Admin Expenses from Plan Trusts	—	(83)	83
Net Investment Income	—	42,894	(42,894)
Net changes	42,816	32,745	10,071
Balance at June 30, 2024	\$ 325,753	\$ 401,101	\$ (75,348)

(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.

	Current		
	1% Decrease 5.25%	Discount Rate 6.25%	1% Increase 7.25%
Net OPEB Asset	\$ 35,348	\$ 75,348	\$ 108,745

(f) Health Care Trend rates

The following presents the Net OPEB Asset as calculated using the current blended trend rates of 8.5% for Non-Medicare; 7.5% for Medicare (Non-Kaiser); and 6.25% for Medicare (Kaiser).

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Asset	\$ 112,833	\$ 75,348	\$ 29,569

(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, 2021. 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%	4.29%
Non-US Developed Equity	12%	4.49%
Emerging Markets Equity	5%	5.25%
Private Real Estate	10%	3.91%
Diversified Real Assets	7%	4.03%
Domestic Fixed Income	17%	0.78%
Private Credit	12%	4.38%
Absolute Return	8%	2.79%
Cash	1%	(0.50)%
	100%	

(i) Plan's Fiduciary Net Position

This refers to the fair value of assets. As of June 30, 2024, the Plan's Fiduciary Net Position amounts to \$401.1 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, 2024, the Plan incurred OPEB expense of \$6.3 million and VTA's deferred outflows of resources and deferred inflows of resources related to the OPEB as of June 30, 2024 are as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 28,834	\$ 12
Difference between expected and actual experience	3,011	11,639
Difference between expected and actual investment earnings	—	4,156
Total	\$ 31,845	\$ 15,807

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

Fiscal Year	Deferred Outflows/ (Inflows) of Resources
2025	\$ (339)
2026	10,578
2027	(481)
2028	1,126
2029	5,154
	\$ 16,038

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, 2024, VTA had net position of approximately \$31.0 million for the ATU Spousal Medical Fund and \$21.6 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, 2024, there were 529 participating spouses who were eligible for benefits from the Spousal Medical Fund. FY 2024 contributions and net investment earnings for the fiscal year were approximately \$1.6 million and \$4.6 million respectively, while benefit payments made by the Fund were approximately \$1.6 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, 2024, there were 1,221 eligible participants. Contributions and net investment earnings for the fiscal year were approximately \$388 thousand and \$3.2 million respectively, while benefit payments made by the Fund were approximately \$349 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, 2024, 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	\$ 28,012	\$ 18,678	\$ 44,391	\$ 91,081
Liabilities	28,012	18,678	44,391	91,081
Net Position	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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, 2024 disclosed that the present values of estimated outstanding losses, at 2% average discount rate using a 60% confidence level, are \$28.0 million and \$18.7 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, 2023, and June 30, 2024, are as follows (in thousands):

	Workers' Compensation	General Liability
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	<u>(10,594)</u>	<u>(12,400)</u>
Unpaid claims at June 30, 2023	30,495	17,979
Provision for claims and claims adjustment expense	7,935	3,502
Changes in estimates for provision for future claims	1,302	1,819
Payment for claims and other adjustments	<u>(11,720)</u>	<u>(4,622)</u>
Unpaid claims at June 30, 2024	<u>\$ 28,012</u>	<u>\$ 18,678</u>

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, 2024, the outstanding balance of compensated absences liability is \$44.4 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 \$4 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	4,000,000
Crime	25,000	5,000,000
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

Lopez/Pacheco v. SCVTA

Two pedestrians struck by a speeding car resulted 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 pending the criminal case. A trial setting conference is scheduled for September 17, 2024. However, the conference likely will be continued as the Adkins criminal case is set for trial on November 25, 2024.

Ferkel, Michelle, et al. v. SCVTA

This is a wrongful death action filed by the parents and estate of the decedent, a single female yoga instructor in her 30's, who was struck by a light rail vehicle and died shortly thereafter. Plaintiffs have not made a demand but Plaintiff's counsel suggested that she views this as a multi-million dollar case.

Martinez, Carina and Ortiz, Jessica v. SCVTA

A coach operator ran into city pole. Four passengers were aboard the coach, including Martinez and her 13-year-old Ortiz. The coach operator has been terminated. The matter is set for an order to show cause for failure to serve on September 26, 2024, at which time it will likely be set for a case management conference.

Pentamsetty, Ajay v. SCVTA

Plaintiff was struck by light rail vehicle as he was riding his bicycle through crosswalk on a red light. Plaintiff incurred over \$1M in medical expenses and lost wages and sustained permanent dexterity/mobility changes in left hand. Early mediation was unsuccessful.

Rodriguez v. SCVTA

Twelve individual Plaintiffs allege that VTA failed to accommodate their requests for religious exemptions to the vaccine policy. Plaintiffs were among many employees who sought religious accommodation in the form of an exemption to the vaccine policy. VTA engaged the services of an independent consulting company to carefully evaluate each request for religious accommodation on a case-by-case basis in a highly-fact driven manner. It conducted an inquiry into each request for religious

accommodation, including Plaintiffs' requests. Based on the information and documents Plaintiffs provided, VTA determined that Plaintiffs did not meet the criteria for a religious accommodation and thus denied their request for exemption from the policy. Discovery will cut off soon and outside counsel will file a dispositive motion, with a decision anticipated by mid-September. Jury trial is set for December 9, 2024.

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*). Discovery is ongoing.

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 2024, 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 (SJRRRC) 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, SJRRRC, 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, 2024, VTA contributed approximately \$4.4 million for operating costs.

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 five ground leases, as well as bus and light rail wrap advertising. The remaining receivable and deferred inflows of resources related to these leases were \$24.7 million and \$23.5 million respectively, as of June 30, 2024. Interest revenue of \$756 thousand principal receipts of \$3.1 million on these leases, 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 2024 (in thousands):

Lessor leases (in thousands):	Leases Receivable	Leases Amortization	Totals	Due within 1 Year
Ground Lease - Almaden Lake	\$ 11,656	\$ 265	\$ 11,391	\$ 94
Ground Lease - Eden Housing	6,621	154	6,467	49
Ground Lease - T-Mobile	1,240	462	778	166
Bus/Light Rail lease for wrap advertising	12,307	6,695	5,611	2,748
VTA Transit Fund	31,824	7,576	24,247	3,057
Ground Lease - Dish Tower	296	60	236	51
Ground Lease - Dish Northyard	327	66	261	\$ 57
Joint Development Fund	623	126	497	108
Total lease receivable	\$ 32,447	\$ 7,702	24,744	\$ 3,165
Less current portion			(3,165)	
Long-term receivable, net			\$ 21,579	

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
2025	\$ 3,165	\$ 774	\$ 3,939
2026	3,302	693	3,995
2027	460	640	1,100
2028	482	624	1,106
2029-2033	959	2,960	3,919
2034-2038	1,050	2,790	3,840
2039-2043	1,251	2,588	3,839
2044-2048	1,490	2,350	3,840
2049-2053	1,777	2,063	3,840
2054-2058	2,117	1,722	3,839
2059-2063	2,524	1,316	3,840
2064-2068	3,007	832	3,839
2066-2073	2,913	270	3,183
2074	247	4	251
	<u>\$ 24,744</u>	<u>\$ 19,626</u>	<u>\$ 44,370</u>

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 \$1.6 million separately as of June 30, 2024. Interest expense of \$58.9 thousand and principal payment of \$224.5 thousand on this lease, were recognized during the year.

Below is a schedule of the changes in the right to use assets with the accumulated amortization, and Lease liabilities, for the FY 2024 (in thousands):

	Right-to-use Asset	Lease Payable
Beginning balance, June 30, 2023, net of amortization	\$ 1,839	\$ 1,907
Depreciation	184	—
Payment of lease liability	—	166
Ending balance, June 30, 2024	<u>\$ 1,655</u>	<u>\$ 1,741</u>

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
2025	\$ 171	\$ 54	\$ 225
2026	176	49	225
2027	181	43	224
2028	187	38	225
2029	193	32	225
2030-2033	833	64	897
	<u>\$ 1,741</u>	<u>\$ 280</u>	<u>\$ 2,021</u>

NOTE 21 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY

VTA has an accrued liability for the use of Oracle database and related technical support services. The liability for this lease was \$622 thousand as of June 30, 2024. Below is a schedule of the changes in the right to use subscription assets with the accumulated amortization and subscriptions liability for FY 2024 (in thousands):

	Subscriptions Asset	Subscriptions Payable
Beginning balance, June 30, 2023	\$ —	\$ —
Establishment of asset and liability	778	778
Depreciation	156	—
Payment of Subscriptions Liability	—	168
Ending balance, June 30, 2024	<u>\$ 622</u>	<u>\$ 609</u>

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

Fiscal Year Ending June 30	Principal Received	Interest	Total
2025	\$ 143	\$ 25	\$ 168
2026	149	19	168
2027	155	13	168
2028	162	7	168
	<u>\$ 609</u>	<u>\$ 64</u>	<u>\$ 674</u>

NOTE 22 - SUBSEQUENT EVENT

FEDERAL GOVERNMENT'S ANNOUNCEMENT OF ITS \$5.1 BILLION CONTRIBUTION TO COMPLETE BART PHASE II PROJECT

The project, to open in 2037, includes building a 6-mile BART line from the Berryessa Transit Center in North San Jose through downtown and west to Santa Clara, adding four stations along the way. In August 2024, it was announced that the federal government will contribute \$5.1 billion to help complete the South Bay BART extension. This is the second largest transit-related grant from the Federal Transit Administration in history, and the largest amount of federal money ever given to a West Coast transportation project.

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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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 21,610	\$ 20,168	\$ 19,528	\$ 17,118	\$ 18,275	\$ 17,818	\$ 16,953	\$ 16,024	\$ 14,788	\$ 13,468
Interest (includes interest on service cost)	58,800	56,331	54,663	53,888	52,368	51,921	47,850	46,152	45,110	43,069
Changes of benefits	—	5,061	—	—	—	—	—	—	—	—
Difference between expected and actual experience	5,390	10,984	2,339	(5,186)	2,349	(17,900)	12,285	6,440	7,748	4,517
Changes in Assumptions	(4,765)	(1,805)	(879)	15,130	7,307	—	21,918	13,105	14,577	—
Benefit payments, including refunds of member contributions	(54,912)	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)
Net Change in Total Pension Liability	26,123	36,460	25,265	32,444	33,276	7,528	57,440	43,267	46,635	27,636
Total Pension Liability - Beginning	893,993	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678	584,042
Total Pension Liability - Ending	920,116	893,993	857,533	832,268	799,824	766,548	759,020	701,580	658,313	611,678
Plan Fiduciary Net Position										
Contributions - Employer	30,426	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590
Contributions - Member	6,844	6,145	5,674	5,222	4,850	3,343	2,725	1,070	—	—
Net Investment Income	79,498	41,908	(55,302)	157,392	(12,424)	23,408	40,605	60,472	2,245	16,094
Benefit payments, including refunds of member contributions	(54,912)	(54,279)	(50,386)	(48,506)	(47,023)	(44,311)	(41,566)	(38,454)	(35,588)	(33,418)
Administrative Expense	(407)	(431)	(416)	(420)	(375)	(409)	(403)	(324)	(281)	(301)
Net Change in Plan Fiduciary Net Position	61,449	25,975	(71,316)	142,458	(24,420)	14,313	29,885	50,149	(7,873)	7,965
Plan Fiduciary Net Position - Beginning	648,362	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191	481,226
Plan Fiduciary Net Position - Ending	709,811	648,362	622,387	693,703	551,245	575,665	561,352	531,467	481,318	489,191
Net Pension Liability - Ending	\$ 210,305	\$ 245,631	\$ 235,146	\$ 138,565	\$ 248,579	\$ 190,883	\$ 197,668	\$ 170,113	\$ 176,995	\$ 122,487
Measurement Date	6/30/2024	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
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	77.14%	72.52%	72.58%	83.35%	68.92%	75.10%	73.96%	75.75%	73.11%	79.98%
Covered Payroll	\$ 160,019	\$ 149,576	\$ 143,982	\$ 130,271	\$ 137,584	\$ 133,749	\$ 139,288	\$ 131,544	\$ 126,796	\$ 115,914
Net Pension Liability as a percentage of covered payroll	131.43%	164.22%	163.32%	106.37%	180.67%	142.72%	141.91%	129.32%	139.59%	105.67%
Annual money-weight rate of return, net of investment expense	9.31%	6.01%	(11.79)%	26.46%	2.53%	4.75%	4.77%	12.80%	1.34%	3.69%

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined Contribution	\$ 30,426	\$ 32,632	\$ 29,114	\$ 28,770	\$ 30,552	\$ 32,282	\$ 28,524	\$ 27,385	\$ 25,720	\$ 25,549
Contributions in Relation to the Actuarially-determined Contribution	30,426	32,632	29,114	28,770	30,552	32,282	28,524	27,385	25,751	25,590
Contributions Deficiency/ (Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (31)</u>	<u>\$ (41)</u>
Covered Payroll	\$ 160,019	\$ 149,576	\$ 143,982	\$ 130,271	\$ 137,584	\$ 133,749	\$ 139,288	\$ 131,544	\$ 126,796	\$ 115,914
Contributions as a Percentage of Covered Payroll	19.01%	21.81%	20.22%	22.08%	22.21%	24.14%	20.48%	20.82%	20.31%	22.08%

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 12,530	\$ 12,470	\$ 11,314	\$ 11,441	\$ 11,662	\$ 11,641	\$ 11,137	\$ 9,488	\$ 9,551	\$ 9,055
Interest	39,223	37,451	36,192	34,592	32,961	30,936	29,286	27,998	26,479	24,724
Changes of Benefit Terms	571	—	—	—	—	—	—	—	—	—
Changes in Assumptions	—	16,935	—	—	—	(3,287)	24,077	—	(6,447)	—
Difference between Expected and Actual Experience	2,905	(2,102)	797	217	5,563	3,653	(2,259)	(1,007)	2,488	—
Benefit payments, including refunds of employee contributions	(28,529)	(26,963)	(25,705)	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Net Change in Total Pension Liability	26,700	37,791	22,598	23,202	29,365	24,100	45,158	20,539	17,730	20,945
Total Pension Liability - Beginning	572,972	535,181	512,581	489,379	460,014	435,914	390,756	370,217	352,487	331,542
Total Pension Liability - Ending	599,672	572,972	535,181	512,581	489,379	460,014	435,914	390,756	370,217	352,487
Plan Fiduciary Net Position										
Contributions - Employer	19,530	16,753	17,813	15,179	13,486	11,976	11,865	10,248	8,684	8,845
Contributions - Employee	5,308	4,271	5,721	4,972	5,089	4,899	4,875	4,259	4,075	4,482
Net Investment Income	25,541	(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	(28,529)	(26,963)	(25,705)	(23,048)	(20,821)	(18,843)	(17,083)	(15,940)	(14,341)	(12,834)
Plan to Plan Resource Movement	(3)	—	—	—	—	78	37	(40)	—	—
Administrative Expense	(304)	(282)	(372)	(504)	(241)	(490)	(418)	(173)	656	—
Other Miscellaneous Income/(Expense)	—	—	—	—	1	(930)	—	—	—	—
Net Change in Fiduciary Net Position	21,543	(40,250)	81,443	14,526	19,804	23,465	30,965	(216)	5,116	41,756
Plan Fiduciary Net Position - Beginning	413,130	453,380	371,935	357,409	337,605	314,140	283,175	283,391	278,275	236,519
Plan Fiduciary Net Position - Ending	434,673	413,130	453,380	371,935	357,409	337,605	314,140	283,175	283,391	278,275
Plan Net Pension Liability - Ending	\$ 164,999	\$ 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	72.49%	72.10%	84.72%	72.56%	73.03%	73.39%	72.06%	72.47%	76.55%	78.95%
Covered Payroll	\$ 71,890	\$ 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	229.51%	224.58%	116.69%	199.76%	186.73%	174.48%	184.95%	175.76%	143.81%	136.69%
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

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Required Supplementary Information
Schedule of Employer Contributions
California Public Employees' Retirement System (CalPERS)
(In thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 19,530	\$ 16,753	\$ 17,827	\$ 16,710	\$ 15,208	\$ 13,572	\$ 12,208	\$ 11,516	\$ 10,567	\$ 8,965
Contributions in Relation to the Contractually Required	<u>19,530</u>	<u>16,753</u>	<u>17,827</u>	<u>16,710</u>	<u>15,208</u>	<u>13,572</u>	<u>12,208</u>	<u>11,516</u>	<u>10,567</u>	<u>8,965</u>
Contributions Deficiency/(Excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll (not based on measurement date)	\$ 71,890	\$ 71,173	\$ 71,542	\$ 71,385	\$ 70,084	\$ 73,461	\$ 71,140	\$ 68,156	\$ 61,209	\$ 60,375
Contributions as a Percentage of Covered Payroll	27.17%	23.53%	24.92%	23.41%	21.70%	18.48%	17.16%	16.90%	17.26%	14.85%

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)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	\$ 9,140	\$ 8,895	\$ 6,589	\$ 6,300	\$ 6,141	\$ 6,190	\$ 5,697	\$ 5,888
Interest cost	17,785	17,072	18,320	18,298	17,810	17,190	16,695	15,872
Benefit payments	(15,029)	(14,577)	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,055)
Effect of Change in Actuarial Assumptions/Methods	27,306	—	6,217	7,004	(12)	6,523	(1,057)	—
Difference between Expected and Actual Experience	3,614	—	(14,980)	(8,435)	(3,064)	(7,876)	(1,670)	—
Effect of Plan Amendments	—	—	—	—	—	306	—	—
Net change in Total OPEB Liability	42,816	11,390	(2,714)	8,973	7,104	9,191	7,126	8,705
Total OPEB Liability - Beginning	282,937	271,547	274,261	265,288	258,184	248,993	241,867	233,162
Total OPEB Liability - Ending (a)	325,753	282,937	271,547	274,261	265,288	258,184	248,993	241,867
Plan Fiduciary Net Position								
Contributions to Plan Trusts	4,963	6,398	6,311	5,717	5,799	9,086	—	4,047
Benefit Payments from Plan Trusts	(15,029)	(14,577)	(18,860)	(14,194)	(13,771)	(13,142)	(12,539)	(13,054)
Administrative Expenses from Plan Trusts	(83)	(20)	(181)	(94)	(91)	(93)	(109)	(25)
Expected Investment Return	42,894	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	32,745	14,802	(43,828)	66,416	341	15,254	15,477	24,294
Plan Fiduciary Net Position - Beginning	368,356	353,554	397,382	330,966	330,625	315,371	299,894	275,600
Plan Fiduciary Net Position - Ending (b)	401,101	368,356	353,554	397,382	330,966	330,625	315,371	299,894
Net OPEB Asset - Ending (a) - (b)	<u>\$ (75,348)</u>	<u>\$ (85,419)</u>	<u>\$(82,007)</u>	<u>\$(123,121)</u>	<u>\$(65,678)</u>	<u>\$(72,441)</u>	<u>\$ (66,378)</u>	<u>\$ (58,027)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability = (b) / (a)	123.13%	130.19%	130.20%	144.89%	124.76%	128.06%	126.66%	123.99%
Covered Payroll ¹	\$ 260,964	\$ 237,306	\$233,952	\$ 187,551	\$186,300	\$181,761	\$ 185,861	\$ 176,709
Net OPEB Asset as a Percentage of Covered Payroll	(28.87)%	(36.00)%	(35.05)%	(65.65)%	(35.25)%	(39.85)%	(35.71)%	(32.84)%
Measurement Date	6/30/2024	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	11.78%	6.57%	(7.87)%	19.50%	1.03%	6.44%	9.83%	12.51%

Information not available prior to 2017.

¹Covered payroll for FYs 2024, 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially-determined Contribution	\$ (3,094)	\$ (1,948)	\$ (5,483)	\$ (5,657)	\$ (5,035)	\$ 3,410	\$ (2,113)	\$ 4,574	\$ 4,785	\$ 12,093
Contributions in Relation to the Actuarially-determined Contribution	4,963	6,398	6,311	5,717	5,799	9,086	—	4,047	4,785	12,093
Contributions Deficiency/(Excess)	<u>\$ (8,057)</u>	<u>\$ (8,346)</u>	<u>\$ (11,794)</u>	<u>\$ (11,374)</u>	<u>\$ (10,834)</u>	<u>\$ (5,676)</u>	<u>\$ (2,113)</u>	<u>\$ 527</u>	<u>\$ —</u>	<u>\$ —</u>
Covered Payroll ¹	\$ 260,964	\$ 237,306	\$ 233,952	\$ 187,551	\$ 186,300	\$ 181,761	\$ 185,861	\$ 176,709	\$ 168,869	\$ 167,124
Contributions as a Percentage of Covered Payroll	1.90%	2.70%	2.70%	3.05%	3.11%	5.00%	—%	2.29%	2.83%	7.24%

¹Covered payroll for FYs 2024, 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, 2024

(In thousands)

	Original Operating Budget	Final Operating Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales tax receipts	\$ 279,938	\$ 279,938	\$ 266,901	\$ (13,037)
Investment earnings	3,575	3,575	5,962	2,387
Federal subsidy for Build America Bonds	7,112	7,112	786	(6,326)
Other income	626	626	523	(103)
Total revenues	<u>291,251</u>	<u>291,251</u>	<u>274,172</u>	<u>(17,079)</u>
Non-project expenditures:				
Operating assistance to VTA Transit	58,087	58,087	55,382	2,705
Professional, special and other services	503	503	317	186
Miscellaneous	29	29	27	2
Repayment of debt service to VTA Transit	17,515	17,515	17,519	(4)
Principal payment, bond interest and other bond charges	71,122	71,122	67,869	3,253
Total non-project expenditures:	<u>147,256</u>	<u>147,256</u>	<u>141,114</u>	<u>6,142</u>
Change in fund balance	<u>\$ 143,995</u>	<u>\$ 143,995</u>	<u>133,058</u>	<u>\$ (10,937)</u>
GAAP reconciliation and unbudgeted items:				
Federal, state and local grant revenues			363,082	
Contribution to other agencies			(21,271)	
Unrealized gain/(loss) on investments			2,047	
Amortization of premium/discounts on investment			200	
Bond interest reclassified from project expenditures			(28,563)	
Interest not requiring use of financial resources			30,111	
Other expenditures			(1,016)	
Transfers out			(451,255)	
Total GAAP reconciliation and unbudgeted items			<u>(106,665)</u>	
Change in fund balance, on a GAAP basis			26,393	
Fund balance, beginning of year			238,237	
Fund balance, end of year			<u>\$ 264,630</u>	

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, 2024

(In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Sales Tax Revenues	\$ 279,938	\$ 279,938	\$ 266,618	\$ (13,320)
Investment earnings (losses)	16,250	16,250	49,460	33,210
Total Revenues	<u>296,188</u>	<u>296,188</u>	<u>316,078</u>	<u>19,890</u>
Expenditures:				
Labor and overhead costs	—	1,560	1,204	356
Professional services	—	1,087	965	122
Data Processing	—	4	—	4
Miscellaneous	—	—	29	(29)
Total Expenditures	<u>—</u>	<u>2,651</u>	<u>2,198</u>	<u>453</u>
Change in fund balance, on a budgetary basis	<u>\$ 296,188</u>	<u>\$ 293,537</u>	313,880	<u>\$ 20,343</u>
Expenditures not budgeted:				
Contributions to other agencies			(449,739)	
Transfers out			<u>(15,290)</u>	
Change in fund balance, on a GAAP basis			(151,149)	
Fund Balance, Beginning of Year			<u>993,408</u>	
Fund Balance, End of Year			<u>\$ 842,259</u>	

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, 2024

(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Positive/ (Negative)</u>
Revenues:				
Assessments to member agencies	\$ 3,152	\$ 3,152	\$ 3,152	\$ —
Federal grant revenues	2,500	2,500	2,632	132
Administrative fees	—	—	169	169
State and local operating assistance grants	253	253	112	(141)
Other revenues	300	300	435	135
Investment earnings	50	50	57	7
Total Revenues	<u>6,255</u>	<u>6,255</u>	<u>6,557</u>	<u>302</u>
Expenditures:				
VTA labor and overhead costs	5,530	5,841	5,823	18
Services and other:				
Professional services	788	788	490	298
Other services	124	124	15	109
Contribution to Other Agencies	745	434	135	299
Total Expenditures	<u>7,187</u>	<u>7,187</u>	<u>6,463</u>	<u>724</u>
Change in fund balance	<u>\$ (932)</u>	<u>\$ (932)</u>	94	<u>\$ 1,026</u>
Fund Balance, Beginning of Year			<u>3,155</u>	
Fund Balance, End of Year			<u>\$ 3,249</u>	

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, 2024
 (In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
Federal, state, and local grants	\$ 56,572	\$ 56,572	\$ 56,609	\$ 37
Expenditures:				
Capital expenditures on behalf of other agencies, and transfers out	56,572	56,572	56,609	(37)
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, 2024
 (In thousands)

	Original Budget	Final Budget	Actual	Variance Final to Actual Positive/ (Negative)
Revenues:				
State and local operating assistance grants	\$ 2,501	\$ 2,501	\$ 2,501	\$ —
Investment earnings (losses)	166	166	166	—
Total Revenues	2,667	2,667	2,667	—
Expenditures:				
Program payments	1,015	1,015	1,015	—
Change in fund balance, on a budgetary basis	\$ 1,652	\$ 1,652	1,652	\$ —
Fund Balance, Beginning of Year			3,606	
Fund Balance, End of Year			\$ 5,258	

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, 2024

(In thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Positive/ (Negative)</u>
Revenues:				
Federal, state, and local grants	\$ 15,841	\$ 15,841	\$ 15,841	\$ —
Investment earnings	1,536	1,536	1,536	—
Total Revenues	<u>17,377</u>	<u>17,377</u>	<u>17,377</u>	<u>—</u>
Expenditures:				
Program payments	18,511	18,511	18,511	—
Professional services	136	136	137	(1)
Total Expenditures	<u>18,647</u>	<u>18,647</u>	<u>18,648</u>	<u>(1)</u>
Change in fund balance, on a budgetary basis	<u>\$ (1,270)</u>	<u>\$ (1,270)</u>	<u>(1,271)</u>	<u>\$ (1)</u>
Fund Balance, Beginning of Year			<u>36,398</u>	
Fund Balance, End of Year			<u>\$ 35,127</u>	

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, 2024
(In thousands)

	FY 2024			Variance
	Adopted	Final		Final to Actual
	Budget	Budget	Actual	Positive / (Negative)
REVENUES				
Fares - Transit	\$ 25,518	\$ 25,518	\$ 28,439	\$ 2,921
Fares - Paratransit	1,405	1,405	1,363	(42)
1976 1/2 Cent Sales Tax	279,938	279,938	266,942	(12,996)
Transportation Development Act funds	124,770	124,770	126,413	1,643
2000 Measure A Sales Tax Operating Assistance	58,087	58,087	55,382	(2,705)
2016 Measure B -Transit Operations	15,503	15,503	15,290	(213)
STA	45,725	45,725	45,273	(452)
Federal Operating Grants	5,739	5,739	5,410	(329)
State Operating Grants	150	150	5,674	5,524
Investment Earnings	22,211	22,211	22,699	488
Advertising Income	3,125	3,125	3,125	—
Other Income	21,632	21,632	24,581	2,949
Total revenues	603,804	603,804	600,591	(3,213)
OPERATING EXPENSES				
Labor Costs	406,767	409,627	400,015	9,612
Materials & Supplies	29,232	29,120	27,166	1,954
Security	24,182	24,182	23,683	499
Professional & Special Services	15,230	17,657	14,165	3,492
Other Services	17,233	17,209	17,325	(116)
Fuel	13,169	13,169	14,479	(1,310)
Traction Power	6,721	6,721	6,381	340
Tires	1,900	1,900	1,878	22
Utilities	4,399	4,399	4,783	(384)
Insurance	10,382	10,382	9,726	656
Data Processing	9,712	9,712	8,133	1,579
Office Expense	323	319	433	(114)
Communications	2,152	2,152	2,173	(21)
Employee Related Expense	2,320	2,121	1,635	486
Leases & Rents	1,660	1,660	1,754	(94)
Miscellaneous	952	952	972	(20)
Reimbursements	(43,479)	(43,479)	(43,026)	(453)
Total operating expenses	502,856	507,804	491,675	16,129

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Budgetary Comparison Schedule - Enterprise Fund (continued)
VTA Transit Fund
For the year ended June 30, 2024
(In thousands)

	FY 2024			Variance
	Adopted	Final		Final to Actual
	Budget	Budget	Actual	Positive / (Negative)
OTHER EXPENSES				
Paratransit	28,987	28,987	26,890	2,097
Altamont Corridor Express	6,865	6,865	6,522	343
Highway 17 Express	414	414	411	3
Monterey-San Jose Express Service	77	77	50	27
Contribution to Other Agencies	809	717	695	22
Debt Service	20,796	20,796	20,789	7
Transfer to capital reserve	40,000	40,000	40,000	—
Contingencies	3,000	775	—	775
Total other expenses	100,948	98,631	95,357	3,274
Total operating and other expenses	603,804	606,435	587,032	19,403
Change in net position, on a budgetary basis	\$ —	\$ (2,631)	13,559	\$ 16,190

Reconciliation of net income on a budgetary basis to net income on a GAAP Basis:

Capital Contributions	92,598
Project Expenditures	(5,244)
Capital Contributions to Other Agencies	(410)
Bond Principal Payment	17,710
Net of amortization of investment premium and (discount)	880
Net of amortization of bond premium and (deferred loss)	2,117
Unrealized gain on investment	12,435
Debt Reduction Fund Interest Earnings	3,473
Other non-budgetary revenues/(expenses)	(5,060)
Pension-related (GASB 68) & OPEB-related (GASB 75) expenses	(35,730)
OPEB-related (GASB 87) lease income	64
Subscription-based IT arrangements (GASB 96) expenses	(156)
PERS employer contribution deferred	20,719
Transfer to capital reserve	40,000
Transfers in (net of transfers out)	102
Depreciation	(83,222)
Net change in net position, on a GAAP Basis	\$ 73,835

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, 2024
(In thousands)

	ATU Pension Trust	OPEB Trust	ATU Medical Trusts		Total Medical Trusts	Total
			Spousal Medical	Vision/ Dental		
ASSETS						
Cash and cash equivalents	\$ 3,159	\$ 2,059	\$ 230	\$ 160	\$ 390	\$ 5,608
Investments	707,598	399,554	30,766	21,416	52,182	1,159,334
Receivables	867	571	—	—	—	1,438
Due from other agencies	—	10	—	—	—	10
Other assets	14	—	—	—	—	14
Total assets	711,638	402,194	30,996	21,576	52,572	1,166,404
LIABILITIES						
Accounts payable	1,808	1,093	17	12	29	2,930
Unearned revenues	19	—	—	—	—	19
Total liabilities	1,827	1,093	17	12	29	2,949
NET POSITION						
<i>Restricted for:</i>						
Pension benefits	709,811	—	—	—	—	709,811
Other post-employment benefits	—	401,101	—	—	—	401,101
Spousal medical benefits	—	—	30,979	—	30,979	30,979
Retiree dental and vision benefits	—	—	—	21,564	21,564	21,564
TOTAL NET POSITION	\$ 709,811	\$ 401,101	\$ 30,979	\$ 21,564	\$ 52,543	\$1,163,455

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Combining Statement of Changes in Fiduciary Net Position
Retiree Benefits Trust Funds
For the year ended June 30, 2024
(In thousands)

	ATU Medical Trusts					Total
	ATU Pension Trust	OPEB Trust	Spousal Medical	Vision/ Dental	Total Medical Trusts	
ADDITIONS						
Employee contributions	\$ 6,843	\$ —	\$ 1,550	\$ 388	\$ 1,938	\$ 8,781
Employer contributions	30,426	4,963	—	—	—	35,389
Total contributions	37,269	4,963	1,550	388	1,938	44,170
Investment earnings/(loss):						
Investment income	20,521	11,374	409	284	693	32,588
Net change in the fair value of investments	66,580	35,803	4,235	2,935	7,170	109,553
Investment expense	(7,603)	(4,281)	(10)	(7)	(17)	(11,901)
Net investment earnings/(loss)	79,498	42,896	4,634	3,212	7,846	130,240
Total additions	116,767	47,859	6,184	3,600	9,784	174,410
DEDUCTIONS						
Benefit payments	54,912	15,029	1,580	349	1,929	71,870
Administrative expenses	407	83	—	—	—	490
Total deductions	55,319	15,112	1,580	349	1,929	72,360
Change in net position	61,448	32,747	4,604	3,251	7,855	102,050
Net position, beginning of year	648,363	368,354	26,375	18,313	44,688	1,061,405
Net position, end of year	\$ 709,811	\$ 401,101	\$ 30,979	\$ 21,564	\$ 52,543	\$ 1,163,455

SANTA CLARA VALLEY TRANSPORTATION AUTHORITY

Unrestricted Net Position

For the year ended June 30, 2024

(In thousands)

	Enterprise Funds				
	VTA Transit Fund	BART Operating Fund	Express Lanes Fund	Joint Development Fund	Total Enterprise Funds
Local share of capital projects	\$ 360,222	\$ —	\$ —	\$ 20,375	\$ 380,597
Debt reduction	102,925	—	—	—	102,925
Transit capital reserve	152,761	—	—	—	152,761
Express Lane	—	—	3,536	—	3,536
BART Operating	—	413,312	—	—	413,312
Joint Development	—	—	—	5,953	5,953
Sales tax stabilization	35,000	—	—	—	35,000
Operating reserve	93,673	—	—	—	93,673
Inventory and prepaid items	34,625	—	—	—	34,625
Net Deferrals: Net OPEB Asset (GASB75)	16,038	—	—	—	16,038
Net Pension Liability (GASB 68)*	(328,155)	—	—	—	(328,155)
Net Lease Asset (GASB 87)	1,204	—	—	(73)	1,131
Net Subscription Asset (GASB 96)	13	—	—	—	13
Total	\$ 468,306	\$ 413,312	\$ 3,536	\$ 26,255	\$ 911,409

*Net of related pension and OPEB deferrals

	Governmental Fund 2000 Measure A Program
Governmental funds, June 30, 2024 (page 2-27)	\$ 264,630
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	(697,970)
Deferred outflows of resources	37,416
Restricted for Debt Service	(19,594)
Interest Payable on bonds outstanding is not due and payable in the current period, and therefore, is not reported in the funds	(7,083)
Total Net Position, Governmental Activities , June 30, 2024 (page 2-20)	\$ (422,601)

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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:

Table 1 - Changes in Net Position

Table 2 - Net Position by Component

Table 3 - Fund Balances and Changes in Fund Balances, Governmental Funds

Table 4 - Current Ratio

Table 5 - Operating Revenues and Operating Expenses

Table 6 - Non-operating Assistance

Table 7 - Targeted Operating Reserves

REVENUE CAPACITY:

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

Table 8 - Revenue Base and Revenue Rates

Table 9 - Sales Tax Rates

Table 10 - Principal Sales Tax Payers in Santa Clara County by Segments

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:

Table 11 - Total Outstanding Debt by Type

Table 12 - Ratios of Outstanding Debt

Table 13 - Direct and Overlapping Debt and Debt Limitation

Table 14 - Pledged Revenue Coverage - 1976 Half-Cent Sales Tax Revenue Bonds

Table 15 - Pledged Revenue Coverage - 2000 Measure A Half-Cent Sales Tax Revenue Bonds

Table 16 - Projected Pledged Revenue Coverage

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:

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Table 18 - Income and Unemployment Rates

Table 19 - Wage and Salary Employment by Industry (Annual Average)

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Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position
Ten Years Ended June 30, 2024
(In thousands)

	2015	2016	2017¹	2018	2019	2020	2021	2022	2023	2024
EXPENSES										
<i>Business-type activities:</i>										
Transit										
Operations and Operating Projects	\$ 407,618	\$ 431,212	\$ 471,655	\$ 495,785	\$ 487,725	\$ 528,001	\$ 638,943	\$ 708,316	\$ 765,828	\$ 859,089
Caltrain Subsidy	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	61,445	53,094	6,497	7,344	23,809	189,358	5,850	3,178	1,015	1,052
Altamont Corridor Express Subsidy	3,097	3,166	3,270	3,383	3,502	3,634	3,893	3,337	1,458	4,442
Interest Expense	15,204	11,330	7,326	6,972	13,060	6,464	5,972	5,206	3,553	2,152
Other Expenses	5,734	4,177	576	657	5,446	1,444	618	681	4,277	519
Benefit Payments	8,881	12,999	12,654	17,437	15,359	15,096	19,067	15,594	13,940	18,455
Total Business-Type Activities Expenses	510,369	524,392	510,368	540,545	559,691	754,797	685,143	745,432	790,071	885,709
<i>Governmental activities:</i>										
Congestion Management										
Operations and operating projects	8,071	8,228	8,868	8,159	8,122	6,533	7,923	8,165	8,258	8,634
Interest Expense	—	—	7,928	8,068	7,833	10,730	26,528	35,158	30,890	29,560
Program Payments	—	—	—	—	—	—	17,767	20,181	17,335	19,526
Other Expenses	—	—	2,352	1,452	1,155	2,277	1,453	600	1,727	1,045
Capital expenditures on behalf of, and contribution to other agencies ³	20,295	11,399	89,556	68,188	53,663	169,105	149,836	185,990	197,370	525,798
Total governmental activities expenses	28,366	19,627	108,704	85,867	70,773	188,645	203,507	250,094	255,580	584,563
Total primary government expenses	538,735	544,019	619,072	626,412	630,464	943,442	888,650	995,526	1,045,651	1,470,272
PROGRAM REVENUES										
<i>Business-type activities:</i>										
Charges for services	43,054	42,316	40,194	42,434	44,720	37,897	22,253	40,221	60,605	70,768
Operating grants	134,796	126,988 ⁴	115,191	130,919	160,967	214,022	221,874	316,428	178,501	183,779
Capital grants	277,421	271,057	38,713	58,259	53,855	29,212	20,133	10,643	19,853	93,345
Total business-type activities program revenues	455,271	440,361	194,098	231,612	259,542	281,131	264,260	367,292	258,959	347,892
<i>Governmental activities:</i>										
Charges for services	2,526	2,529	2,549	2,664	2,814	3,044	3,007	3,082	3,168	3,321
Operating grants	2,096	16,585 ⁵	172,844	107,957	112,348	131,088	120,538	111,751	155,991	441,563
Capital grants	22,964	—	—	—	—	—	—	—	—	—
Total governmental activities program revenues	27,586	19,114	175,393	110,621	115,162	134,132	123,545	114,833	159,159	444,884
Total primary government revenues	482,857	459,475	369,491	342,233	374,704	415,263	387,805	482,125	418,118	792,776
NET PROGRAM (EXPENSES)/REVENUES										
Business-type activities	(55,098)	(84,031)	(316,270)	(308,933)	(300,149)	(473,666)	(420,883)	(378,140)	(531,112)	(537,817)
Governmental activities	(780)	(513)	66,689	24,754	44,389	(54,513)	(79,962)	(135,261)	(96,421)	(139,679)
Total primary government net program (expenses)/revenues	(55,878)	(84,544)	(249,581)	(284,179)	(255,760)	(528,179)	(500,845)	(513,401)	(627,533)	(677,496)

Table 1
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Financial Trend - Changes in Net Position (continued)
Ten Years Ended June 30, 2024
(In thousands)

	<u>2015</u>	<u>2016</u>	<u>2017¹</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
<i>Business-type activities:</i>										
Sales tax revenue	446,374	460,316	259,029	257,380	295,873	260,596	274,498	321,768	342,449	332,191
Investment income	9,420	19,102	2,055	3,222	27,033	29,294	5,197	(22,637)	22,365	64,506
Proceeds from sale of land	16,732	—	—	—	—	—	—	—	—	—
Federal subsidy for Build America Bonds ⁴	8,715	—	—	—	—	—	—	—	—	—
Other income	4,261	3,335	5,233	3,317	7,237	5,494	2,874	3,198	16,436	3,977
Transfers	—	—	286,989	250,769	297,919	297,934	239,152	275,291	330,667	541,746
<i>Total business-type activities</i>	<u>485,502</u>	<u>482,753</u>	<u>553,306</u>	<u>514,688</u>	<u>628,062</u>	<u>593,318</u>	<u>521,721</u>	<u>577,620</u>	<u>711,917</u>	<u>942,420</u>
<i>Governmental activities:</i>										
Sales tax revenue	—	—	208,672	207,870	474,538	419,209	440,862	516,470	548,271	533,519
Investment income	9	16	2,411	2,813	24,782	39,482	3,601	(27,136)	23,954	59,428
Other income	250	155	531	760	628	1,086	681	789	898	957
Transfers	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)	(275,291)	(330,667)	(541,746)
Extraordinary item ⁶	—	—	—	—	256,090	—	—	—	—	—
<i>Total governmental activities</i>	<u>259</u>	<u>171</u>	<u>(129,068)</u>	<u>(39,326)</u>	<u>458,119</u>	<u>161,843</u>	<u>205,992</u>	<u>214,832</u>	<u>242,456</u>	<u>52,158</u>
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	<u>485,761</u>	<u>482,924</u>	<u>424,238</u>	<u>475,362</u>	<u>1,086,181</u>	<u>755,161</u>	<u>727,713</u>	<u>792,452</u>	<u>954,373</u>	<u>994,578</u>
Business-type activities	430,404	398,722	290,729	205,755	327,913	119,652	100,838	199,480	180,805	404,603
Governmental activities	(521)	(342)	(62,379)	(14,572)	502,508	107,330	126,030	79,571	146,035	(87,521)
Total primary government	<u>\$ 429,883</u>	<u>\$ 398,380</u>	<u>\$ 228,350</u>	<u>\$ 191,183</u>	<u>\$ 830,421</u>	<u>\$ 226,982</u>	<u>\$ 226,868</u>	<u>\$ 279,051</u>	<u>\$ 326,840</u>	<u>\$ 317,082</u>

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

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

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

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

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

⁶Represents 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, 2024
(In thousands)

	<u>2015</u> ¹	<u>2016</u>	<u>2017</u> ²	<u>2018</u> ³	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment in Capital Assets	\$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	\$5,589,487
Restricted	822,834	789,000	11,572	9,910	6,003	9,286	10,388	10,030	107,740 ⁴	92,997
Unrestricted	197,852	186,049	384,850	411,441	524,408	639,176	719,908	900,957	902,482	911,409
Total Business-Type Activities Net Position	<u>3,970,867</u>	<u>4,369,589</u>	<u>5,012,685</u>	<u>5,260,602</u>	<u>5,588,515</u>	<u>5,708,167</u>	<u>5,809,005</u>	<u>6,008,485</u>	<u>6,189,290</u>	<u>6,593,893</u>
GOVERNMENTAL ACTIVITIES										
Restricted	1,499	1,157	72,868	56,746	597,807	790,771	914,620	983,898	1,088,855	905,487
Unrestricted	—	—	(486,458)	(484,907)	(523,460)	(609,094)	(569,819)	(559,526)	(518,448)	(422,601)
Total Governmental-Type Activities Fund Balance	<u>1,499</u>	<u>1,157</u>	<u>(413,590)</u>	<u>(428,161)</u>	<u>74,347</u>	<u>181,677</u>	<u>344,801</u>	<u>424,372</u>	<u>570,407</u>	<u>482,886</u>
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	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	5,589,487
Restricted	824,333	790,157	84,440	66,656	603,810	800,057	925,008	993,928	1,196,595	998,484
Unrestricted	197,852	186,049	(101,608)	(73,466)	948	30,082	150,089	341,431	384,034	488,808
Total Primary Governmental Net Position	<u>\$3,972,366</u>	<u>\$4,370,746</u>	<u>\$4,599,095</u>	<u>\$4,832,441</u>	<u>\$5,662,862</u>	<u>\$5,889,844</u>	<u>\$6,153,806</u>	<u>6,432,857</u>	<u>6,759,697</u>	<u>\$7,076,779</u>
Restatement due to GASB84 implemented in FY2021⁵						37,094				
Restated Total Primary Governmental Net Position						<u>\$5,926,938</u>				

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

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

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

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

⁵FY 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, 2024
(Modified Accrual Basis of Accounting)

	(In thousands)									
	2015	2016	2017 ¹	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Member Agency Assessment Revenue	\$ 2,407	\$ 2,407	\$ 2,407	\$ 2,528	\$ 2,654	\$ 2,880	\$ 2,843	\$ 2,942	\$ 3,046	\$ 3,152
Federal Technical Studies Operating Assistance Grants	1,371	1,887	1,219	2,178	2,439	2,171	2,084	1,603	3,165	2,632
Administrative Fees	119	122	142	136	160	164	164	140	122	169
Federal, State and Local Grant Revenues	23,689	14,698	162,872	96,995	101,102	120,080	109,695	101,769	145,132	438,145
Federal subsidy for Build American Bonds	—	—	8,753	8,784	8,807	8,837	8,759	8,379	7,694	786
Sales tax revenue	—	—	208,672	207,870	474,538	419,209	440,862	516,470	548,271	533,519
Investment Earnings	9	16	2,411	2,813	24,782	39,482	3,601	(27,136)	23,954	59,428
Other Revenue	250	155	531	760	628	1,086	681	789	898	957
Total Revenues	27,845	19,285	387,007	322,064	615,110	593,909	568,689	604,956	732,282	1,038,788
EXPENDITURES										
Congestion Management - Current:										
VTA Labor and Overhead Costs	6,826	7,031	6,128	7,328	7,487	5,637	6,880	6,768	6,724	7,027
Professional Services	1,225	1,176	2,721	817	619	881	1,028	1,380	1,504	1,592
Program Expenditures	19	21	19	14	16	15	15	17	30	15
Program Payments	—	—	—	—	—	—	17,767	20,181	17,335	19,526
Other expenditures	1	—	2,352	1,452	1,155	2,277	1,453	600	1,727	1,045
Debt Service:										
Principal	—	—	28,160	29,530	30,575	32,080	33,680	35,015	36,460	29,480
Interest	—	—	10,721	10,107	9,745	12,105	27,258	37,051	32,363	27,325
Issuance cost	—	—	—	—	—	—	—	—	—	1,409
Capital expenditures on behalf of, and contribution to other agencies ²	20,295	11,399	89,556	68,188	53,663	169,105	149,836	185,990	197,370	525,798
Total Expenditures	28,366	19,627	139,657	117,436	103,260	222,100	237,917	287,002	293,513	613,217
Excess (Deficiency) of Revenues Over Expenditures	(521)	(342)	247,350	204,628	511,850	371,809	330,772	317,954	438,769	425,571
OTHER FINANCING SOURCES (USES):										
Transfers Out	—	—	(340,682)	(250,769)	(297,919)	(297,934)	(239,152)	(275,291)	(330,667)	(541,746)
Bond issuance, net	—	—	—	—	—	—	(1,061)	—	—	(8,106)
Extraordinary Items ³	—	—	—	—	256,090	—	—	—	—	—
Total Other Financing Sources (Uses)	—	—	(340,682)	(250,769)	(41,829)	(297,934)	(239,152)	(275,291)	(330,667)	(549,852)
Net Change in Fund Balances	(521)	(342)	(93,332)	(46,141)	470,021	73,875	91,620	42,663	108,102	(124,281)
TOTAL GOVERNMENTAL FUNDS										
Non-spendable – Special Revenue Funds	—	—	—	—	—	—	—	—	16,309	6,610
Restricted – Special Revenue Funds	1,499	1,157	500,293	454,153	922,511	996,386	1,124,039	1,166,702	1,258,495	1,143,913
Unassigned – Special Revenue Funds	—	—	(1,663)	(1,663)	—	—	—	—	—	—
Total Governmental Funds	\$ 1,499	\$ 1,157	\$498,630	\$452,490	\$922,511	\$996,386	\$1,124,039	\$1,166,702	\$1,274,804	\$1,150,523
Ratio of debt service expenditures to non-capital expenditures	— %	— %	38.58 %	50.95 %	64.06 %	24.83 %	34.43 %	33.53 %	30.63 %	10.21 %

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

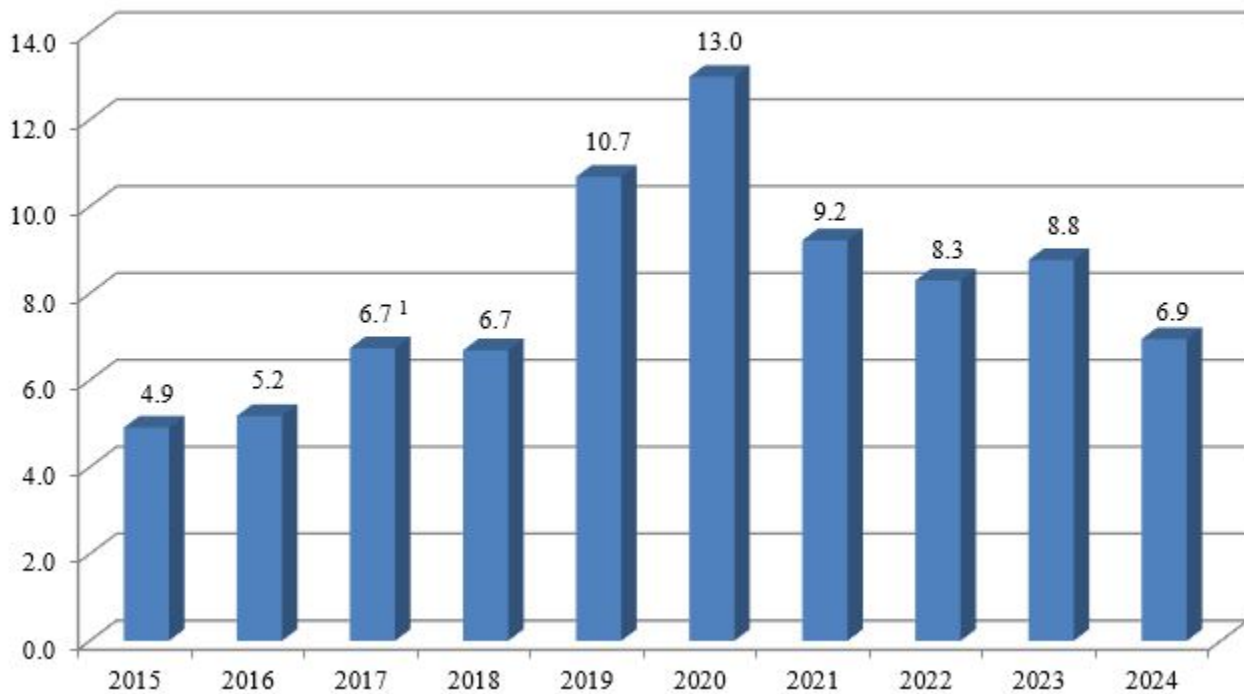
²In FY2020, the contributions to other agencies and capital improvement projects were pooled into one account.

³In 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, 2024

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.

Current Ratio



	2015	2016	2017 ¹	2018	2019	2020	2021	2022	2023	2024
Current and Restricted Assets (\$000's)	\$1,375,968	\$1,332,998	\$ 685,914	\$ 700,885	\$ 793,181	\$ 945,004	\$1,048,635	\$1,253,369	\$1,376,822	\$1,453,807
Current and Restricted Liabilities (\$000's)	280,262	257,399	101,779	104,929	74,239	72,785	113,727	151,758	156,997	209,221
Net Working Capital (\$000's)	\$1,095,706	\$1,075,599	\$ 584,135	\$ 595,956	\$ 718,942	\$ 872,219	\$ 934,908	\$1,101,611	\$1,219,825	\$1,244,586
Current Ratio	4.9	5.2	6.7	6.7	10.7	13.0	9.2	8.3	8.8	6.9

¹FY 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, 2024

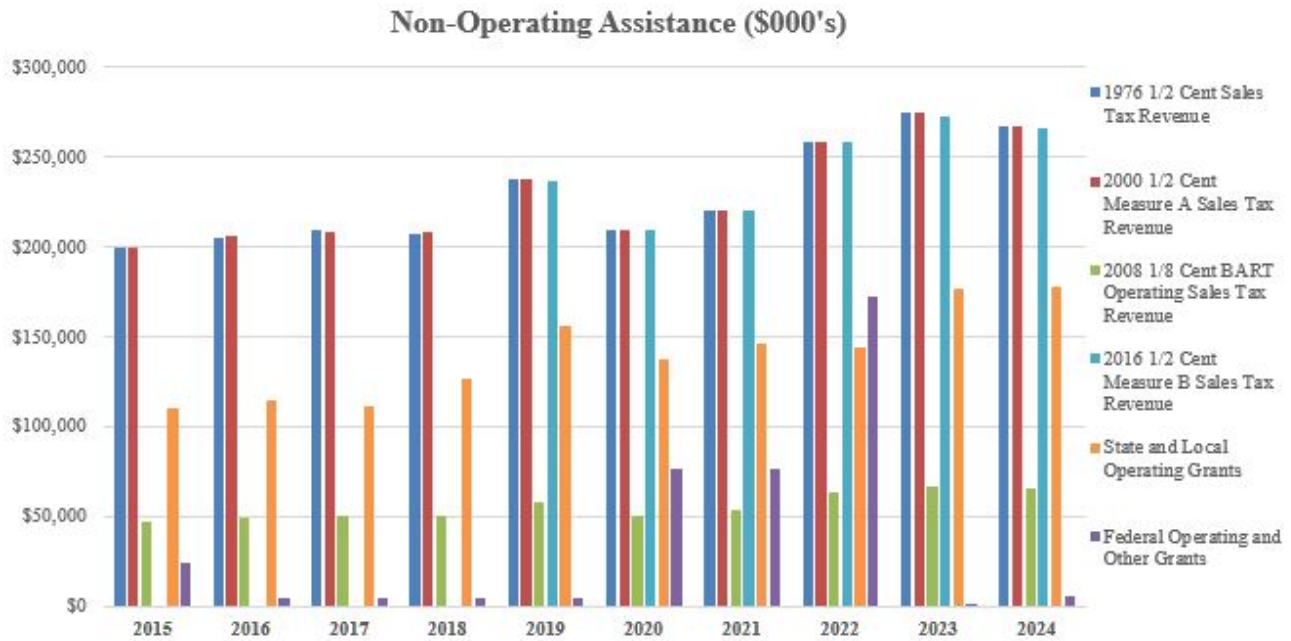
The chart below shows a comparison of operating revenues to expenses. Operating revenues exclude paratransit fares and charges for services (which included lease income from GASB 87 beginning in FY 2022). Operating expenses are exclusive of purchased transportation and depreciation to more accurately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



	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Operating Revenues	\$ 41,897	\$41,042	\$38,261	\$ 38,160	\$40,201	\$32,199	\$16,311	\$23,942	\$30,807	\$33,219
Operating Expenses	330,466	358,538	385,528	414,975	411,524	417,206	390,099	427,859	486,842	517,110

Table 6
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Financial Trends - Non-Operating Assistance
 Sales Tax Revenues and Enterprise Operating Grants
 Ten Years Ended June 30, 2024
 (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.



	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
1976 1/2 Cent Sales Tax Revenue	\$199,221	\$205,418	\$209,005	\$207,589	\$237,869	\$209,828	\$220,581	\$258,474	\$275,288	\$266,942
2000 1/2 Cent Measure A Sales Tax Revenue ¹	199,653	205,636	208,672	207,870	237,874	209,885	220,500	258,470	275,283	266,901
2008 1/8 Cent BART Operating Sales Tax Revenue ²	47,500	49,262	50,024	49,791	58,004	50,768	53,917	63,294	67,161	65,249
2016 1/2 Cent Measure B Sales Tax Revenue ³	—	—	—	—	236,664	209,324	220,362	258,000	272,988	266,618
State and Local Operating Grants	110,243	114,135	110,959	126,689	156,565	137,081	145,778	143,814	176,904	178,369
Federal Operating and Other Grants ⁴	24,553	4,105	4,232	4,230	4,402	76,941	76,096	172,614	1,597	5,410

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

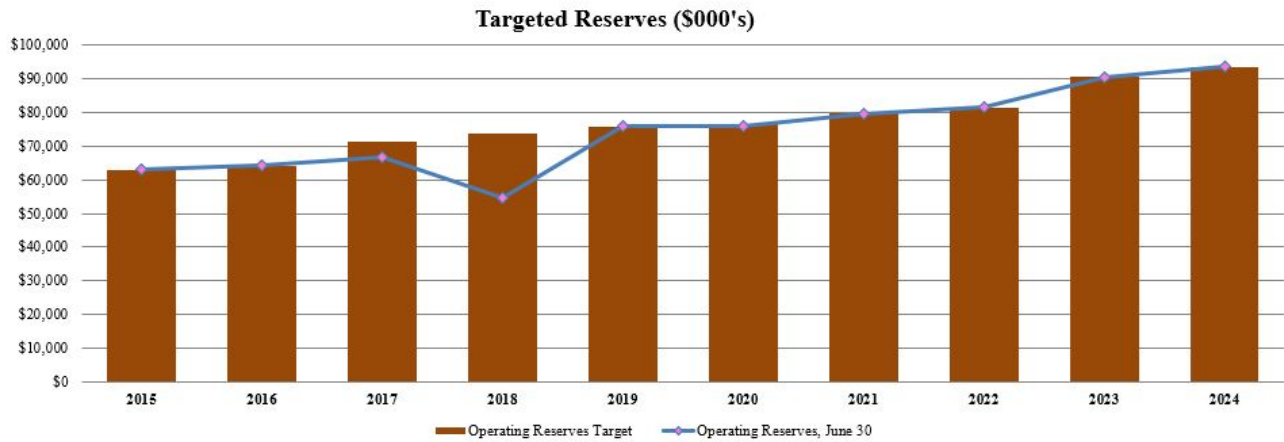
²The collection of 1/8 cent sales tax for BART Operating started on July 1, 2012.

³The 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.

⁴Included 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, 2024

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.



	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Current Assets, excluding restricted asset	\$124,284	\$130,096	\$143,377	\$136,012	\$159,219	\$144,854	\$151,432	\$185,309	\$179,140	\$223,175
Total Current Liabilities, excluding restricted liability	(36,878)	(32,334)	(40,030)	(44,540)	(46,997)	(36,989)	(41,412)	(72,044)	(56,279)	(94,966)
Current Net Position	\$ 87,406	\$ 97,762	\$103,347	\$ 91,472	\$112,222	\$107,865	\$110,020	\$113,265	\$122,861	\$128,209
Less: Inventory & Other Current Assets	(24,469)	(33,615)	(36,688)	(36,665)	(36,408)	(32,051)	(30,239)	(31,688)	(32,290)	(34,536)
Operating Reserves, June 30	\$ 62,937	\$ 64,147	\$ 66,659	\$ 54,807	\$ 75,814	\$ 75,814	\$ 79,781	\$ 81,577	\$ 90,571	\$ 93,673
Operating Reserves Target	\$ 62,937	\$ 64,147	\$ 71,322	\$ 73,979	\$ 75,814	\$ 76,485	\$ 79,781	\$ 81,577	\$ 90,571	\$ 93,673

Table 8
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Revenue Capacity – Revenue Base and Revenue Rates
Ten Years Ended June 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Passenger Fares ¹ (In thousands)	\$39,108	\$37,663	\$33,719	\$34,511	\$35,773	\$27,318	\$14,773	\$25,067	\$33,653	\$38,139
Percentage Increase/(Decrease) from Prior Year	1.9 %	(3.7)%	(10.5)%	2.3 %	3.7 %	(23.6)%	(45.9)%	69.7%	34.3%	13.3%
Revenue Base										
Number of Passengers ²	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	27,156,809
Percentage Increase/(Decrease) from Prior Year	1.2 %	(2.3)%	(11.0)%	(4.3)%	(3.0)%	(21.1)%	(57.5)%	47.1%	34.0%	16.0%
Fare Structure										
Adult Local Fare	\$2.00	\$2.00	\$2.00	\$2.25	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
Youth Local Fare	1.75	1.75	1.75	1.00	1.25	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	\$ 199,221	\$ 205,418	\$ 209,005	\$ 207,589	\$ 237,869	\$ 209,828	\$ 220,581	\$ 258,474	\$ 275,288	\$ 266,942
2000 Measure A 1/2Cent Sales Tax ⁴	199,653	205,636	208,672	207,870	237,874	209,885	220,500	258,470	275,283	266,901
2008 1/8 Cent BART Operating Sales Tax ⁵	47,500	49,262	50,024	49,791	58,004	50,768	53,917	63,294	67,161	65,249
2016 Measure B 1/2 Cent Sales Tax ⁶	—	—	—	—	236,664	209,324	220,362	258,000	272,988	266,618
Total Sales Tax Revenue Receipts ⁷	<u>\$ 446,374</u>	<u>\$ 460,316</u>	<u>\$ 467,701</u>	<u>\$ 465,250</u>	<u>\$ 770,411</u>	<u>\$ 679,805</u>	<u>\$ 715,360</u>	<u>\$ 838,238</u>	<u>\$ 890,720</u>	<u>\$ 865,710</u>
Percentage Increase/(Decrease) from Prior Year										
1976 1/2 Cent Sales Tax	6.9 %	3.1 %	1.7 %	(0.7)%	14.6 %	(11.8)%	5.1%	17.2%	6.5%	(3.0)%
2000 Measure A 1/2 Cent Sales Tax	7.2 %	3.0 %	1.5 %	(0.4)%	14.4 %	(11.8)%	5.1%	17.2%	6.5%	(3.0)%
2008 1/8 Cent BART Operating Sales Tax	6.1 %	3.7 %	1.5 %	(0.5)%	16.5 %	(12.5)%	6.2%	17.4%	6.1%	(2.8)%
2016 Measure B 1/2 Cent Sales Tax	N/A	N/A	N/A	N/A	N/A	(11.6)%	5.3%	17.1%	5.8%	(2.3)%

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

²Represents bus and rail ridership total boarding. Source: VTA Operations Division - June 2024 Operating Statistics.

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

⁴The 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.

⁵The 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.

⁶The 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.

⁷VTA 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, 2024

<u>Fiscal Year</u>	<u>State</u>	<u>City</u>	<u>VTA¹</u>	<u>Total</u>
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%
2024	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
(Amount in millions)

Principal Revenue Payers	Fiscal Year 2023 ¹			Fiscal Year 2014		
	Rank	Percentage of Taxable Sales	Taxable Sales Amount	Rank	Percentage of Taxable Sales	Taxable Sales Amount
Retail Trade	1	52.3 %	\$ 28,371	1	52.7 %	\$ 19,929
Manufacturing	2	15.3 %	8,269	2	16.1 %	6,079
Accommodation and Food Services	3	11.6 %	6,272	3	10.7 %	4,042
Construction	4	5.3 %	2,878	4	5.4 %	2,048
Mining, Quarrying, and Oil and Gas Extraction	5	3.5 %	1,918	5	3.6 %	1,359
Agriculture, Forestry, Fishing and Hunting	6	3.4 %	1,826	6	3.6 %	1,375
Utilities	7	2.2 %	1,190	7	2.7 %	1,034
Total All Other Outlets ²	8	1.9 %	1,013	12	0.7 %	247
Educational Services	9	1.5 %	801	8	1.5 %	554
Information	10	1.0 %	522	11	0.8 %	299
Real Estate and Rental and Leasing	11	0.8 %	448	9	1.0 %	383
Other Services (except Public Administration)	12	0.7 %	401	10	0.8 %	310
Professional, Scientific, and Technical Services	13	0.5 %	291	13	0.4 %	165
Total		<u>100.0 %</u>	<u>\$ 54,200</u>		<u>100.0 %</u>	<u>\$ 37,824</u>

¹2024 data is not available at the time of printing.

²This 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, 2024
(In thousands)

Fiscal Year	Business-type Activities		Governmental Activities	Total Outstanding Debt
	Silicon Valley Express Lanes State Route 237 Loan	1976 Sales Tax Revenue Bonds	2000 Sales Tax Revenue Bonds	
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
2024	22,591	54,868	697,970	775,429

Table 12
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Debt Capacity - Ratios of Outstanding Debt
 Ten Years Ended June 30, 2024

Fiscal Year	Total Outstanding Debt¹ (In thousands)	Total County Taxable Sales and Express Lane Toll Revenues² (In thousands)	Total Debt as a % of Taxable Sales and Toll Revenues	Personal Income³ (In thousands)	Total Debt as a % of Personal Income	Santa Clara County Population (In thousands)	Total Debt per Capita
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%	270,162,197	0.32%	1,895	450
2023	795,470	55,057,671	1.44%	272,863,819	0.29%	1,886	422
2024	775,429	53,388,472	1.45%	275,592,457	0.28%	1,903	407

¹The 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.

²Estimate based on total 1976 1/2 cent sales tax received.

³Actual personal income is available through Fiscal Year 2022. FY 2023 and 2024 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, 2024
(In thousands)

Fiscal Year	Available Sales Tax Revenue	Annual Debt Service ¹			Coverage
		Principal	Interest²	Total	
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
2024	266,942	17,710	954	18,664	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, 2024
(In thousands)

<u>Fiscal Year</u>	<u>Available Sales Tax Revenue</u>	<u>Annual Debt Service</u>		<u>Total</u>	<u>Coverage²</u>
		<u>Principal</u>	<u>Interest¹</u>		
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
2024	266,901	81,095	32,141	113,236	2.4

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, 2025 through 2029.

1976 Sales Tax Revenues and Senior Lien Debt Service Coverage
 Fiscal Years Ending June 30, 2025– 2029 (Proforma and Unaudited)
 (\$ in thousands)

Fiscal Year Ending June 30,	Projected Sales Tax Revenue	Percent Increase/ (Decrease) ^{1*}	Aggregate Debt Service ²	Projected Coverage
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
2029	324,964	2.13 %	—	—

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, 2025 through 2029.

2000 Measure A Sales Tax Revenues and Debt Service Coverage
 Fiscal Years Ending June 30, 2025 – 2029 (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
2025	\$ 296,538	2.34%	\$ 67,131	4.42
2026	303,802	2.45%	67,118	4.53
2027	311,117	2.41%	67,096	4.64
2028	318,179	2.27%	67,075	4.74
2029	324,964	2.13%	67,050	4.85

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 2015 Bonds, 2020 Bonds and 2023 Bonds.

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 0.03 % in 2024 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	2024
Campbell	24,731	26,843	36,048	38,138	39,349	42,288	43,095
Cupertino	18,216	34,297	40,263	50,546	58,302	59,549	59,471
Gilroy	12,665	21,641	31,487	41,464	48,821	57,084	61,033
Los Altos	24,872	25,769	26,303	27,693	28,976	30,876	31,255
Los Altos Hills	6,862	7,421	7,514	7,902	7,922	8,413	8,476
Los Gatos	23,466	26,906	27,357	28,592	29,413	31,439	33,230
Milpitas	27,149	37,820	50,686	62,698	66,790	77,961	81,773
Monte Sereno	3,074	3,434	3,287	3,483	3,341	3,594	3,582
Morgan Hill	6,485	17,060	23,928	33,556	37,882	46,454	46,384
Mountain View	54,206	58,655	67,460	70,708	74,066	82,272	86,535
Palo Alto	55,999	55,225	55,900	58,598	64,403	69,226	67,973
San Jose	445,779	629,400	782,248	894,943	945,942	1,049,187	969,491
Santa Clara	87,717	87,700	93,613	102,361	116,468	129,104	132,048
Saratoga	27,199	29,261	28,061	29,843	29,926	31,030	30,819
Sunnyvale	95,408	106,618	117,229	131,760	140,081	156,503	157,566
Unincorporated	152,181	127,021	106,193	100,300	89,960	86,989	90,467
County Total ¹	<u>1,066,009</u>	<u>1,295,071</u>	<u>1,497,577</u>	<u>1,682,585</u>	<u>1,781,642</u>	<u>1,961,969</u>	<u>1,903,198</u>
California	<u>18,136,045</u>	<u>23,668,145</u>	<u>29,760,021</u>	<u>33,871,648</u>	<u>37,253,956</u>	<u>39,782,870</u>	<u>39,128,162</u>

¹Totals 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, 2024

Year	Santa Clara County Personal Income (In thousands) ^{1, 2}	Santa Clara County Per Capita Personal Income ^{1, 2}	Unemployment Rate ³
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	270,162,197	144,399	2.2%
2023	272,863,819	145,843	3.7%
2024	275,592,457	147,301	4.5%

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

²Actual data is available through 2022. Years 2023 and 2024 data are preliminary and assume a 1% increase over prior year.

³California 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, 2023

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Civilian Labor Force¹ (In thousands)	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	1,067.3
Civilian Employment	942.3	976.1	987.9	1,008.0	1,021.5	1,027.5	990.7	1,046.9	1,038.4	1,019.4
Civilian Unemployment	51.4	42.3	38.6	33.7	27.3	26.2	53.9	24.4	39.9	47.9
Civilian Unemployment Rate										
County	5.2%	4.2%	3.8%	3.2%	2.6%	2.5%	5.2%	2.2%	3.7%	4.5%
State of California	7.4%	6.2%	5.7%	4.4%	4.1%	15.1%	8.0%	4.0%	4.9%	5.8%
Wage and Salary Employment² (In thousands)										
Total Farm Agriculture	\$ 3.6	\$ 3.6	\$ 3.9	\$ 3.5	\$ 3.5	\$ 3.1	\$ 5.9	\$ 5.6	\$ 5.1	\$ 5.4
Construction and Mining	38.6	42.3	47.9	48.5	48.0	51.2	50.4	54.9	56.4	52.4
Manufacturing	156.6	159.4	161.3	163.4	169.1	169.7	170.7	175.1	180.5	174.6
Transportation & Public Utilities	14.7	15.0	14.8	14.9	15.5	15.7	16.6	17.0	20.9	18.1
Wholesale Trade	36.2	36.0	37.4	35.2	31.4	31.3	28.3	28.1	28.5	28.5
Retail Trade	82.3	84.9	85.0	85.0	85.0	82.2	73.1	75.3	72.6	74.2
Finance, Insurance & Real Estate	35.1	35.0	35.2	35.8	36.8	37.4	37.4	37.5	38.0	37.8
Services	469.1	491.4	509.3	522.8	539.3	549.4	514.6	564.5	590.4	588.2
Government	92.4	89.9	91.2	92.8	94.0	94.2	90.1	96.8	98.7	93.5
Information	66.2	74.7	74.5	85.0	91.6	100.7	109.3	111.7	105.9	91.1
Total³	<u>\$ 994.8</u>	<u>\$1,032.2</u>	<u>\$1,060.5</u>	<u>\$ 1,086.9</u>	<u>\$ 1,114.2</u>	<u>\$1,134.9</u>	<u>\$1,096.4</u>	<u>\$1,166.5</u>	<u>\$1,197.0</u>	<u>\$1,163.8</u>

¹Labor 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 2023. FY 2023 is the most recent available data.

²Wage and salary employment is reported by place of work. Data is benchmarked to 2023.

³Totals 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.

Company Name	Nature of Operations	FY 2024		FY 2015	
		Number of Employees	Rank	Number of Employees	Rank
Apple Inc.	Computer Electronics	25,000	1	19,000	2
County of Santa Clara	County Government	22,300	2	17,879	3
Tesla Motors Inc.	Electric Vehicle Designer & Manufacturer	20,000	3	5,001	16
Cisco Systems, Inc.	Computer Network Equipment Manufacturer	14,492	4	14,488	4
Intel Corp.	Semiconductor	7,352	5	6,400	12
Oracle	Enterprise software and hardware products	6,900	6	7,315	9
Applied Materials	Semiconductor Equipment Manufacturer	5,816	7		
LinkedIn Corp.	Employment-oriented Online Service	5,347	8	4,039	23
Intuitive Surgical Inc.	Clinical products	4,162	9		
Amazon.com Services	Online retailer and a prominent cloud service provider	3,748	10		
Lockheed Martin	Aeronautics, Missiles and Fire Control, Space, etc.	3,576	11	5,898	13
A2Z Development Center INC. DBA Amazon Music	Software development and research related to Amazon's products and services.	3,250	12		
Servicenow Inc.	Software as a Service	3,142	13		
PayPal Holdings Inc.	Digital payments platform	2,801	14		
Super Micro Computer Inc. DBA SuperMicro	Designs and manufactures server and storage systems	2,291	15		
Ebay Inc.	Operates online marketplaces	2,000	16	4,700	18
Marvell	Semiconductor	1,630	17		
Agilent Technologies Inc.	Instruments, Software, Services	1,600	18		
Fortinet Inc.	Hardware and Software for firewalls	1,397	19		
Netapp Inc.	Cloud services, Storage systems and data management solutions	1,013	20		

Source: Silicon Valley/San Jose Business Journal August, 2024 and County of Santa Clara Adopted Budget FY 2023-24

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 22,300 workers.

Table 21
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Operating Information – Operating Indicators
 Ten Years Ended June 30, 2024

BUS

<u>Fiscal Year</u>	<u>Total Ridership</u>	<u>Average Weekday Ridership</u>	<u>Scheduled Miles</u>	<u>Scheduled Revenue Hours</u>	<u>Scheduled Revenue Miles</u>	<u>Passenger Miles (000's)</u>	<u>Peak Buses</u>	<u>Active Buses</u>	<u>Bus Fleet</u>
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
2024	22,433,799	71,675	17,777,107	1,349,022	15,516,977	104,966	341	425	431

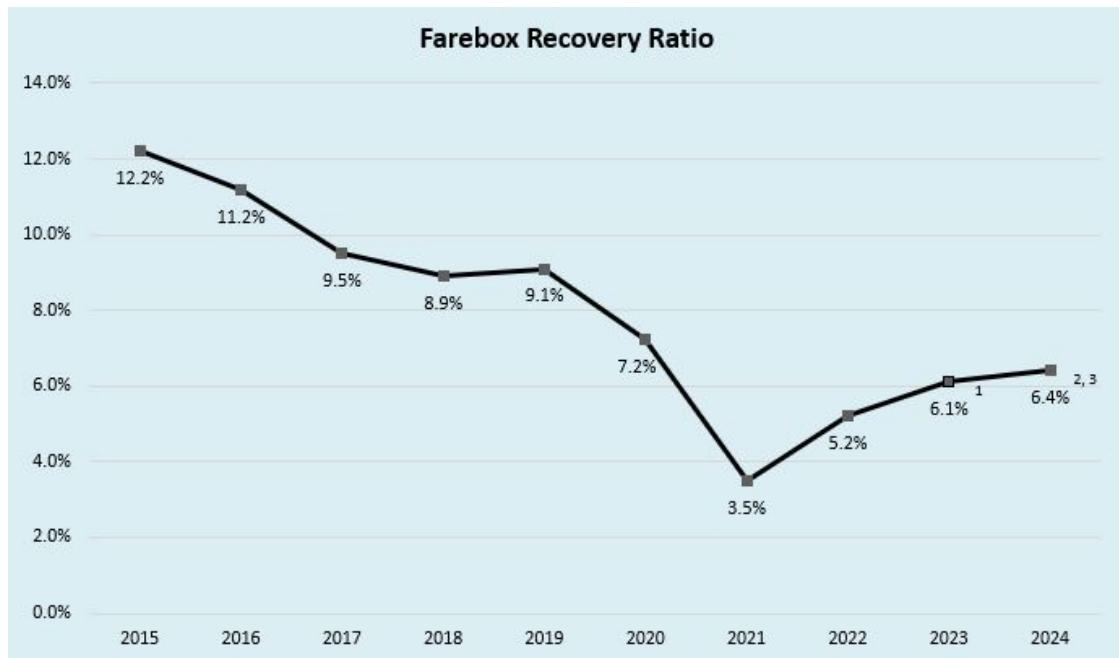
LIGHT RAIL

<u>Fiscal Year</u>	<u>Total Ridership</u>	<u>Average Weekday Ridership</u>	<u>Total Miles</u>	<u>Total Hours</u>	<u>Train Revenue Miles</u>	<u>Passenger Miles (000's)</u>	<u>Peak Cars</u>	<u>Light Rail Fleet</u>
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
2024	4,723,010	14,399	2,179,565	158,479	2,036,619	24,410	38	98

Sources: VTA Operations Division - August 2024 Fact Sheets and June 2024 Summary of Operating Statistics.

Table 22
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Operating Information - Farebox Recovery Ratio
 Ten Years Ended June 30, 2024

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.



	2015	2016	2017	2018	2019	2020	2021	2022	2023 ¹	2024 ^{2,3}
Farebox Recovery Ratio	12.2%	11.2%	9.5%	8.9%	9.1%	7.2%	3.5%	5.2%	6.1%	6.4%
Farebox Revenue (In thousands)	\$ 39,108	\$ 37,663	\$ 33,719	\$ 34,511	\$ 35,773	\$ 27,318	\$ 13,075	\$ 20,885	\$ 26,103	\$ 28,439
Operating Expenses (In thousands)	319,978	335,140	354,494	387,109	393,038	378,157	377,463	398,629	428,403	440,969

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 2024 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, 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, 2024

The following chart shows total vehicle miles in revenue service:

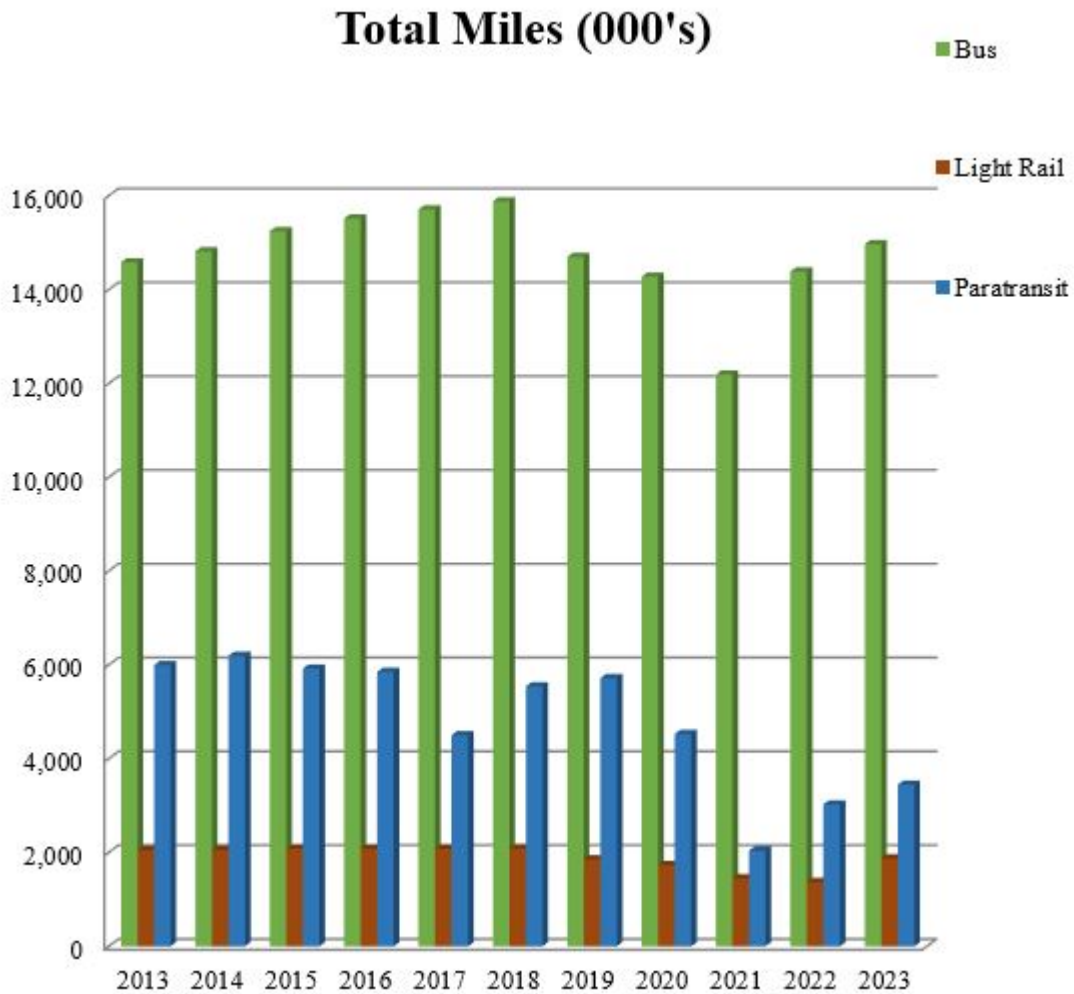


Table 24
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Operating Information – Passenger Miles
 Ten Years Ended June 30, 2024

Passenger mile statistics are presented in the chart below. In FY 2024 the total passenger miles increased by 11.76 % from FY 2023.

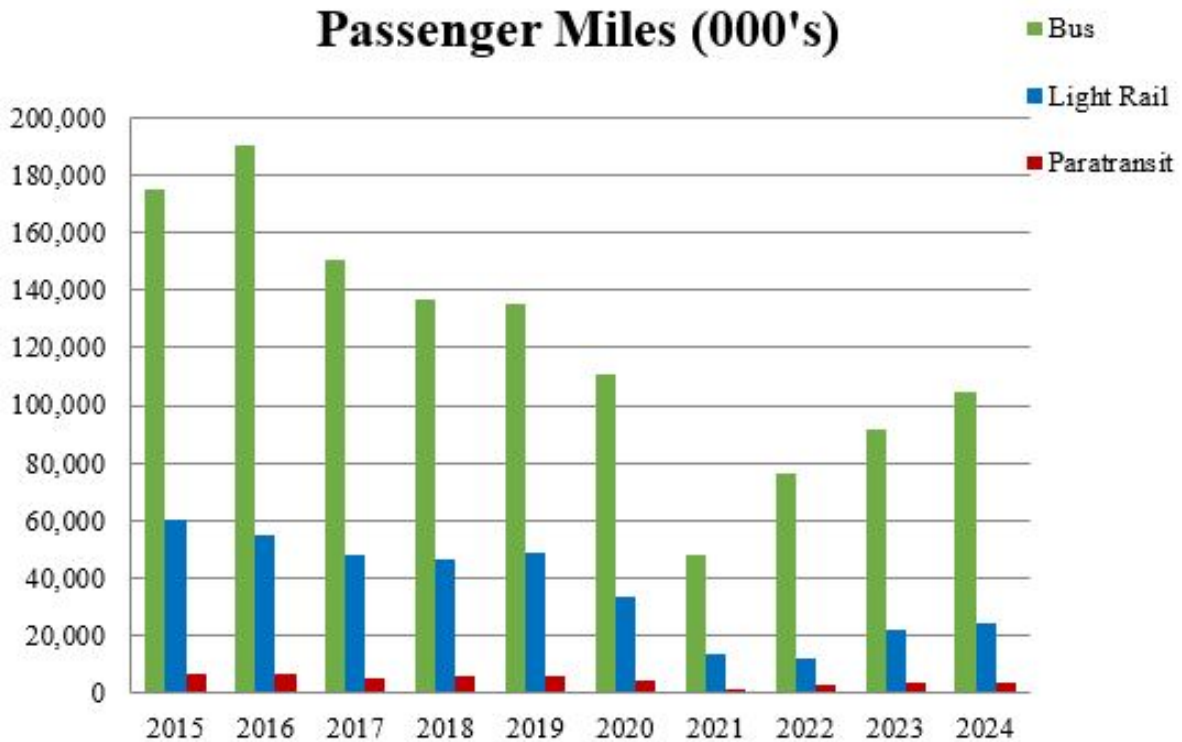


Table 25
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
Operating Information – Selected Statistical Data
Ten Years Ended June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
FAREBOX REVENUE (\$000's)^{1,2}	\$ 39,108	\$ 37,663	\$ 34,783	\$ 36,555	\$ 38,061	\$ 28,816	\$ 15,243	\$ 26,103	\$ 34,855	\$ 39,502
VEHICLE REVENUE MILES (000's)										
BUS	15,247	15,517	15,713	15,884	15,761	14,277	12,193	14,389	14,969	15,517
LIGHT RAIL	2,081	2,078	2,081	2,094	2,156	1,736	1,450	1,371	1,372	2,037
PARATRANSIT	5,922	5,851	4,503	5,544	5,718	4,531	2,041	3,026	3,445	3,817
PASSENGER MILES (000's)										
BUS	174,863	190,321	150,429	136,902	134,921	110,680	48,473	76,182	91,726	104,966
LIGHT RAIL	60,717	54,980	47,937	46,981	49,402	33,325	13,971	12,469	22,192	22,410
PARATRANSIT	6,827	6,493	5,318	6,338	5,760	4,458	1,400	2,774	3,438	3,791
FLEET SIZE										
BUS	540	500	460	472	469	473	435	440	442	431
LIGHT RAIL	99	99	99	99	98	98	98	98	98	98
CASH FARE SINGLE RIDE										
ADULT	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.25	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
YOUTH	\$ 1.75	\$ 1.75	\$ 1.75	\$ 1.00	\$ 1.25	\$ 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.

²FY 2021 includes Fares from Bart Extension Services.

Sources: VTA Operations Division - August 2024 Fact Sheets and June 2024 Summary of Operating Statistics.

Table 26
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Operating Information - System Data
 As of June 30, 2024

URBANIZED AREA (UZA):

346 Square Miles

ROUTES

<u>Type of Route</u>	<u>Number of Routes</u>
Local	23
Express	5
Rapid	4
Frequent	16
Other	11
Total	<u>59</u>

HOURS OF OPERATION

Monday-Sunday	24 hours
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PARK AND RIDE LOTS:

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

FACILITIES

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

Source: VTA Operations Division - August 2024 Fact Sheets.

Table 27
SANTA CLARA VALLEY TRANSPORTATION AUTHORITY
 Operating Information – Employee Headcount
 Ten Years Ended June 30, 2024

Fiscal Year¹	Operations	Planning & Programming²	Finance, Budget & Real Estate³	Planning & Engineering⁴	External Affairs⁵	Office of the Chief of Staff⁶	HR and Procurement⁶	Safety & Compliance⁷	General Counsel	General Manager	Total
2015	1,724	43	74	81	4	55	135	30	13	5	2,164
2016	1,758	50	75	74	26	NA	192	33	13	11	2,232
2017	1,761	50	76	74	30	41	196	NA	14	2	2,244
2018	1,795	48	73	86	4	75	173	NA	13	10	2,277
2019	1,690	NA	251	96	54	NA	NA	24	14	16	2,145
2020	1,668	42	246	62	54	NA	NA	22	13	15	2,122
2021	1,607	43	285	61	52	NA	23	NA	12	20	2,103
2022	1,648	41	245	59	51	NA	20	NA	13	23	2,100
2023 ⁸	1,787	53	216	56	56	NA	25	NA	14	13	2,220
2024	1,950	59	215	79	71	NA	64	36	18	18	2,510

¹Employee headcount as provided by Human Resources department. FY 2024 excludes 235 Vacant Positions and 37 Employees on Long Term Leave, Union Business or Extra Help.

²As 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.

³Due 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.

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

⁵In FY2019, Government Affairs was renamed to External Affairs. The Office of the Chief of Staff was moved to External Affairs in FY2019.

⁶Previously 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.

⁷Due to reorganization in FY2019, Safety & Compliance was removed from Chief of Staff and became a separate Division.

⁸FY2023 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, 2024
(In thousands)

	<u>2015</u>	<u>2016</u>	<u>2017¹</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<i>Capital assets, not being depreciated:</i>										
Land and right of way	\$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	\$1,849,613
Construction in Progress	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	1,783,326
Total capital assets, not being depreciated	<u>3,302,396</u>	<u>3,738,182</u>	<u>4,032,970</u>	<u>4,258,649</u>	<u>4,480,303</u>	<u>2,893,313</u>	<u>2,867,410</u>	<u>2,917,802</u>	<u>3,095,175</u>	<u>3,632,939</u>
<i>Capital assets, being depreciated/ amortized:</i>										
Right to use assets	—	—	—	—	—	—	—	2,426	2,206	2,206
Intangible Assets	—	—	2,203	2,203	2,203	2,203	—	—	—	—
Subscription assets	—	—	—	—	—	—	—	—	—	778
Buildings, improvements, furniture and fixtures	548,139	569,079	586,041	592,244	600,054	1,518,642	1,676,511	1,730,928	1,740,007	1,732,851
Vehicles	566,821	553,886	586,754	618,806	661,753	758,045	779,400	800,249	803,224	798,190
Light-rail tracks and electrification	415,905	418,195	418,195	418,194	418,194	1,052,757	1,080,947	1,121,304	1,185,153	1,186,422
Caltrain – Gilroy extension	43,072	43,072	43,072	43,072	43,072	53,790	53,790	53,790	53,790	53,790
Other operating equipment	47,156	47,289	47,561	48,890	50,035	50,442	54,176	82,705	84,600	86,204
Leasehold Improvement	9,686	9,686	9,686	9,686	9,686	9,851	9,851	9,851	9,851	9,851
Total capital assets, being depreciated	<u>1,630,779</u>	<u>1,641,207</u>	<u>1,693,512</u>	<u>1,733,095</u>	<u>1,784,997</u>	<u>3,445,730</u>	<u>3,654,675</u>	<u>3,801,253</u>	<u>3,878,831</u>	<u>3,870,292</u>
<i>Less accumulated depreciation/ amortization</i>										
Total accumulated depreciation/ amortization	<u>(833,095)</u>	<u>(881,683)</u>	<u>(950,005)</u>	<u>(1,006,414)</u>	<u>(1,069,031)</u>	<u>(1,152,951)</u>	<u>(1,325,210)</u>	<u>(1,513,455)</u>	<u>(1,702,114)</u>	<u>(1,856,396)</u>
Total capital assets, being depreciated/ amortized, net	<u>797,684</u>	<u>759,524</u>	<u>743,507</u>	<u>726,681</u>	<u>715,966</u>	<u>2,292,779</u>	<u>2,329,465</u>	<u>2,287,798</u>	<u>2,176,717</u>	<u>2,013,896</u>
Total capital assets, net	<u><u>\$4,100,080</u></u>	<u><u>\$4,497,706</u></u>	<u><u>\$4,776,477</u></u>	<u><u>\$4,985,330</u></u>	<u><u>\$5,196,269</u></u>	<u><u>\$5,186,092</u></u>	<u><u>\$5,196,875</u></u>	<u><u>\$5,205,600</u></u>	<u><u>\$5,271,892</u></u>	<u><u>\$5,646,835</u></u>

Source: Annual Comprehensive Financial Report

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

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