SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND

FINANCIAL STATEMENTS
June 30, 2025

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
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SUPPLEMENTARY INFORMATION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Citizen Oversight Committee
Santa Cruz County Regional Transportation Commission
Santa Cruz, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Measure D Fund of Santa Cruz County Regional Transportation Commission, as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure D Fund of Santa Cruz County Regional Transportation Commission, as of June 30, 2025, and the changes in financial position thereof for the fiscal 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Measure D Fund of Santa Cruz County Regional Transportation Commission 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.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure D Fund and do not purport to, and do not present fairly the financial position of the Santa Cruz County Regional Transportation Commission, as of June 30, 2024, the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 the Measure D Fund of Santa Cruz County Regional Transportation Commission'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 generally accepted auditing standards 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.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com
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In performing an audit in accordance with generally accepted auditing standards 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 the Measure D Fund of Santa Cruz County Regional Transportation Commission'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 the Measure D Fund of Santa Cruz County Regional Transportation Commission'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 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, of 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 an opinion on the financial statements that collectively comprise the Measure D Fund of Santa Cruz County Regional Transportation Commission's financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information, listed in the table of contents, are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss, Levy & Hartzheim LLP

Santa Maria, California
June 30, 2026

I. INTRODUCTION

Measure D is a comprehensive and inclusive package of transportation investments approved by over two-thirds (2/3) of Santa Cruz County voters in November 2016. This thirty year ½-cent (0.5%) transactions and use tax guarantees a steady, direct source of local funding to every city and the County of Santa Cruz for local street and road maintenance, bicycle, pedestrian, and safety projects; to Santa Cruz METRO and Community Bridges-Lift Line for transit and paratransit services for seniors and people with disabilities; as well as funds to implement priority highway, trail, and other essential transportation projects and programs throughout the county. Measure D went into effect on April 1, 2017. After costs for administration and implementation of the Measure are accounted for, funds are distributed by the formula set forth in the voter-approved Expenditure Plan for Measure D to the following Investment categories:

- 30% - Neighborhood Projects (Cities & County)
- 25% - Highway Corridor
- 20% - Transit/Paratransit (SCMTD and Community Bridges)
- 18% - Active Transportation (Coastal Rail Trail)
- 7% - Rail Corridor

The Santa Cruz County Regional Transportation Commission (RTC) is the administrator of Measure D responsible for receiving tax revenues collected by the California Department of Tax and Fee Administration, distributing revenues to local agencies and project sponsors, and ensuring compliance with the voter-approved ordinance. A five-year program of projects showing how recipient agencies plan to use Measure D funds is updated and adopted annually by each agency receiving Measure D revenues. An annual audit of receipts and expenditures of each recipient is also required. Consistent with the Measure D Ordinance, the Measure D Taxpayer Oversight Committee, made up of five residents, reviews recipient agency fiscal audits and expenditure reports, and prepares an annual report of findings.

II. Measure D Funded Projects in FY 2024/25

Since Measure D went into effect, the cities of Capitola, Santa Cruz, Scotts Valley, and Watsonville, the County of Santa Cruz, Santa Cruz METRO, Community Bridges, and the RTC have put Measure D funds to work - filling potholes, building new bicycle and walking paths, replacing aging buses, increasing transportation service for seniors and people with disabilities, designing major infrastructure projects, maintaining existing infrastructure, and providing traveler information and assistance programs. The following highlights a few of the projects that were funded by Measure D in FY 2024/25.

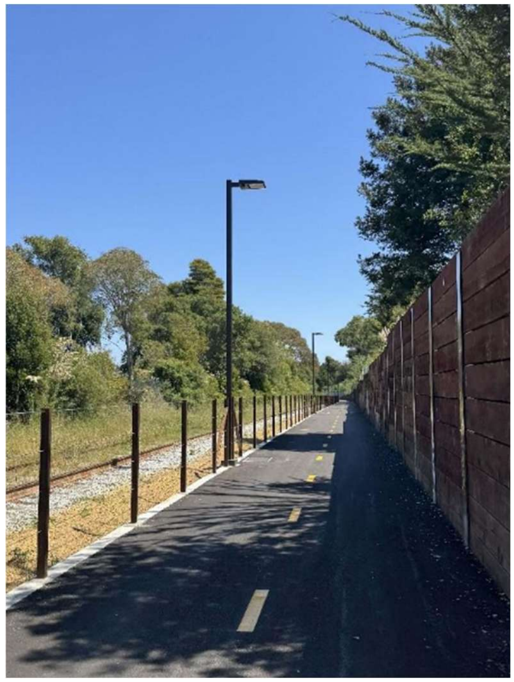
Active Transportation: Monterey Bay Sanctuary Scenic Trail Network (MBSST)/Coastal Rail Trail

1. **MBSST Network Implementation:** RTC staff provided oversight and technical assistance for implementation of the Monterey Bay Sanctuary Scenic Trail Network (MBSST). This included coordination with local jurisdictions and Central Federal Lands of the Federal Highways Administration who are implementing specific sections of the trail network. Measure D funds have been used to leverage $183 million in Active Transportation Program (ATP), Federal Lands Access Program (FLAP) and other funds.

2. **North Coast Segment 5, Wilder Ranch-Davenport:** In coordination with the RTC, Federal Highway Administration Central Federal Lands Highway Division (FHWA-CFLHD) continued development of the 7.5-mile coastal rail trail from Davenport to Wilder Ranch State Park. Construction continued on Phases I and II, which include the rail trail and improvements to two parking lots. Design work for Phase III, a new crossing over Highway 1 at Yellowbank Beach, continued.

Segment 5 construction, October 2024

3. **Segment 7, Phase 2, Santa Cruz Construction:** The City of Santa Cruz completed construction of Phase 2, from Bay Street/California Avenue to the Santa Cruz Wharf.



Segment 7 Phase 2 Completed Trail

4. **Segments 8 & 9, Santa Cruz-Live Oak:** The City of Santa Cruz, in partnership with the County of Santa Cruz, continued intermediate design and environmental review of Segments 8 & 9 of the Coastal Rail Trail between the Santa Cruz Wharf and 17th Avenue (2.2 miles), funded by state and private funds. The city has used local and regional Measure D funds as match to secure over $40 million in grants to fully fund the project.

5. **Segments 10 & 11, Live Oak to Seacliff/Aptos:** The County of Santa Cruz, in partnership with the City of Capitola, continued intermediate design of Segments 10 & 11 of the trail from 17th Ave to State Park Drive (4.5 miles) using Measure D funds and using Measure D as match for a grant of $68 million secured from California's Active Transportation Program in December 2022.

6. **Segment 12, Aptos/Rio del Mar:** The RTC continued final design of Segment 12 of the Coastal Rail Trail between State Park Drive and Rio Del Mar Blvd. as part of the Highway 1 Freedom-State Park Auxiliary Lanes and Bus-on-Shoulder project, which is being implemented in partnership with Caltrans. This section of trail includes bicycle/pedestrian bridges over Highway 1 and Soquel Drive, connecting coastal neighborhoods and Aptos Village. RTC was awarded a $30 million federal MEGA grant and $94 million in SB1 grants to fully fund the construction of the combined project. Final design and right of way activities are ongoing.

7. **Segments 13-20, Watsonville:** The City of Watsonville, County of Santa Cruz, and RTC continued to analyze design options for future sections of trail, including Segment 18 between Lee Road and Ohlone Parkway and between the Slough Trail and Walker Street, remaining sections of the trail between Aptos and Pajaro Station (Segments 13-20), and the Capitola Trestle area, as part of the Zero Emission Passenger Rail and Trail project.

8. **Ongoing Corridor Maintenance:** RTC continued to use Measure D funds to maintain the future trail corridor, including vegetation control; tree maintenance; trash and dumping abatement; graffiti abatement; encampments; drainage maintenance and repairs; and managing, renegotiating, or clearing of unpermitted encroachments. RTC also continued work to secure programmatic environmental permits to support maintenance activities.

9. **Technical Support and Oversight:** RTC staff provided technical support and stakeholder coordination for development of the MBSST/Coastal Rail Trail projects.

10. **Boundary survey work for segments 9-12**: Through a contract with a surveying consultant, the RTC continued boundary survey work for segments 9-12 of the MBSST. The survey work supports both MBSST and maintenance activities. All completed records of survey are filed with the County.

Rail Corridor

Infrastructure Preservation:

In fall 2024, the RTC completed a project to remove storm damage debris and sediment from drainage ditches and culverts along the Santa Cruz Branch Rail Line right-of-way, and a separate project was completed to undertake minor repairs to bridge handrails, walkways and bracing members along the Branch Line. Several culvert repairs and replacements were also completed as part of the Segment 5 North Coast Rail Trail construction activities. As part of the Zero Emission Passenger Rail and Trail project (see next section for further information), the project team is completing an infrastructure evaluation program for the Branch Line from Mile Post 0.433 to Mile Post 22, with results intended to be compiled as part of the Project Concept Report.

In summer 2023, the RTC completed a Coastal Hazards Analysis of the Santa Cruz Branch Line in the vicinity of the coastal bluffs above the Pacific Ocean near Park Avenue in Capitola. The resulting technical memorandum describing the analyses and summarizing the results was utilized in discussions with California Coastal Commission Central Coast staff as well as outlining the needs of further coastal erosion and climate vulnerability and adaptation studies being conducted by RTC staff set to complete in 2024 and 2025.

To-date, the RTC received $483,278 in reimbursements from FEMA for winter 2017 storm damage repairs, which had been initially funded by Measure D in prior years. Additional repairs were initially funded by Measure D and a short-term loan of other RTC funds. The RTC has submitted an additional $4.82 million in invoices to FEMA, which if not paid by FEMA, would need to be funded by Measure D. For the 2022 and 2023 storm damages, RTC has to-date expended $1.29 million in project costs for storm damage emergency response and repairs through a long-term loan of other RTC funds. If project costs are not reimbursed from state or federal public assistance programs, the long-term loan costs would need to be reimbursed by Measure D funds.

The RTC continues to perform basic maintenance of railroad infrastructure in areas not currently served by the shortline operator. This includes responding to crossing signal malfunctions.

Engineering and administrative review and coordination continues for utility and other entities to perform maintenance or construction on facilities affecting the rail line in accordance with the RTC's policy for capital projects by others. There were a total of 21 right of entry agreement requests for projects along the RTC-owned Santa Cruz Branch Rail Line that were reviewed and coordinated in FY2024-25. The right of entry requests included those from the City of Santa Cruz, City of Watsonville, PG&E, Caltrans, New Horizons Affordable Housing development, JJ Albanese, Community Tree Service, Saks Construction, and Bogard Construction.

<u>**Zero Emission Passenger Rail & Trail Project**</u>

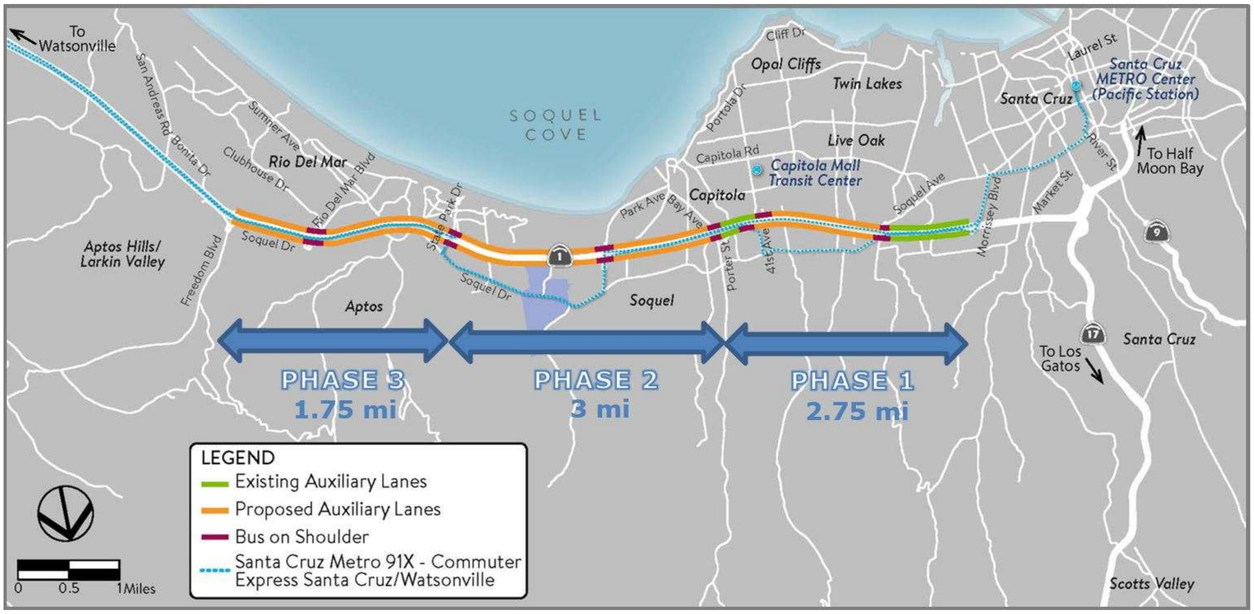
The Zero Emission Passenger Rail & Trail Project proposes a new high-capacity passenger rail service and stations on approximately 22 miles of the Santa Cruz Branch Rail Line (SCBRL) from the City of Santa Cruz in the north to Pajaro, just south of Watsonville. The project also proposes 12 miles of Coastal Rail Trail. The project aims to take advantage of the publicly owned rail right-of-way to provide passenger rail service to connect the most populated areas of Santa Cruz County to each other and to the greater region as well as to provide integrated intercity travel options for riders on the Central Coast.

The project continued development of the Project Concept Report, which will define, evaluate, and develop a project build concept to be advanced into subsequent tasks. An executive summary of the draft Project Concept Report was released in June 2025, with community outreach and engagement for the draft report planned for Summer 2025. The final Project Concept Report was scheduled to be completed in Fall 2025.

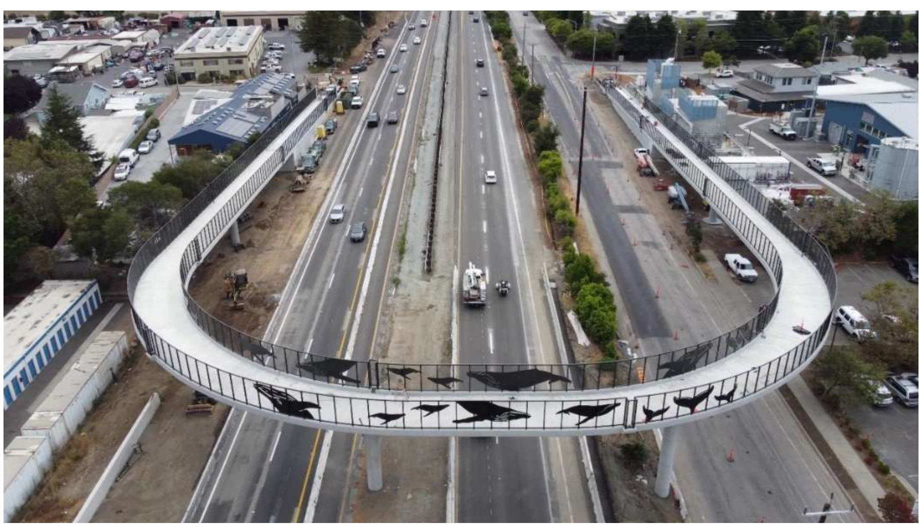
ZEPRT project public workshop, June 2025

Highway Corridors

The RTC in partnership with Caltrans is implementing a program of multimodal projects to reduce congestion, improve safety, improve transit travel time and reliability of Santa Cruz METRO routes, and construct bicycle and pedestrian overcrossings to improve access and connectivity for active transportation users. Improvements include auxiliary lanes (Aux), a bus-on-shoulder facility (BOS), bridge replacements, and the construction of new bicycle and pedestrian overcrossings.



There are currently three Highway 1 projects being developed to construct five sets of auxiliary lanes and a bus-on shoulder facility that stretches 7.5 miles and includes 4 new bicycle and pedestrian overcrossing and bike/ped improvements to local roadway overcrossings. In 2020, RTC received a grant in Cycle 2 of the Solutions for Congested Corridors Program (SCCP) and Local Partnership Program (LPP), to fully fund 5 miles of improvements, which are now under construction.



Highway 1 – 41st to Soquel Auxiliary Lanes & BOS Project

This project includes one set of auxiliary lanes on Highway 1 between the 41st Avenue and Soquel Dr/Ave interchanges with bus-on-shoulder improvements and a new bicycle and pedestrian overcrossing at Chanticleer

Avenue. Construction was largely complete in spring 2025, and full completion is scheduled early 2026, weather dependent.

<u>Highway 1 – State Park to Bay/Porter Auxiliary Lanes & BOS Project</u>

This project includes two sets of auxiliary lanes on Highway 1 between State Park Drive and Rio Del Mar Blvd interchanges and Rio Del Mar and Bay/Porter interchanges with bus on shoulder improvements and a new bicycle and pedestrian overcrossing at Mar Vista Drive. The project also includes the replacement of the Capitola Avenue overcrossing, soundwalls, and retaining walls. Construction is ongoing and is anticipated to be complete in spring 2027, weather dependent.

Construction of Highway 1 Bay/Porter to State Park project, October 2024.

<u>Highway 1 – Freedom to State Park Auxiliary Lanes & BOS Project</u>

This project includes auxiliary lanes and bus-on-shoulder improvements on Highway 1 between Freedom Blvd and State Park Drive interchanges and the construction of a 1.25-mile-long multiuse trail along the Santa Cruz Branch Rail Corridor (segment 12 of the Coastal Rail Trail). RTC was awarded a $30 million federal MEGA grant to partially fund construction of the project. The project final design and right of way components are ongoing. In June 2025, RTC was awarded additional grants, as part of Cycle 4 of SCCP and LPP, for $94 million to fully fund the project. Construction is expected to begin in summer 2027.

Cruz511 Program: Since 1979, the RTC has provided the community with a centralized resource for traveler information. Cruz511 is the umbrella brand under which all RTC traveler information services take place. While the programs' offerings have evolved over the years in response to changing needs and opportunities, the mainstay has been to provide tools, information, and encouragement to commuters about options for travel other than driving alone. These alternatives include carpooling, vanpooling, bicycling, walking, taking public transit and telecommuting. The program also assists employers, schools, and other organizations in developing travel programs for their employees and constituents.

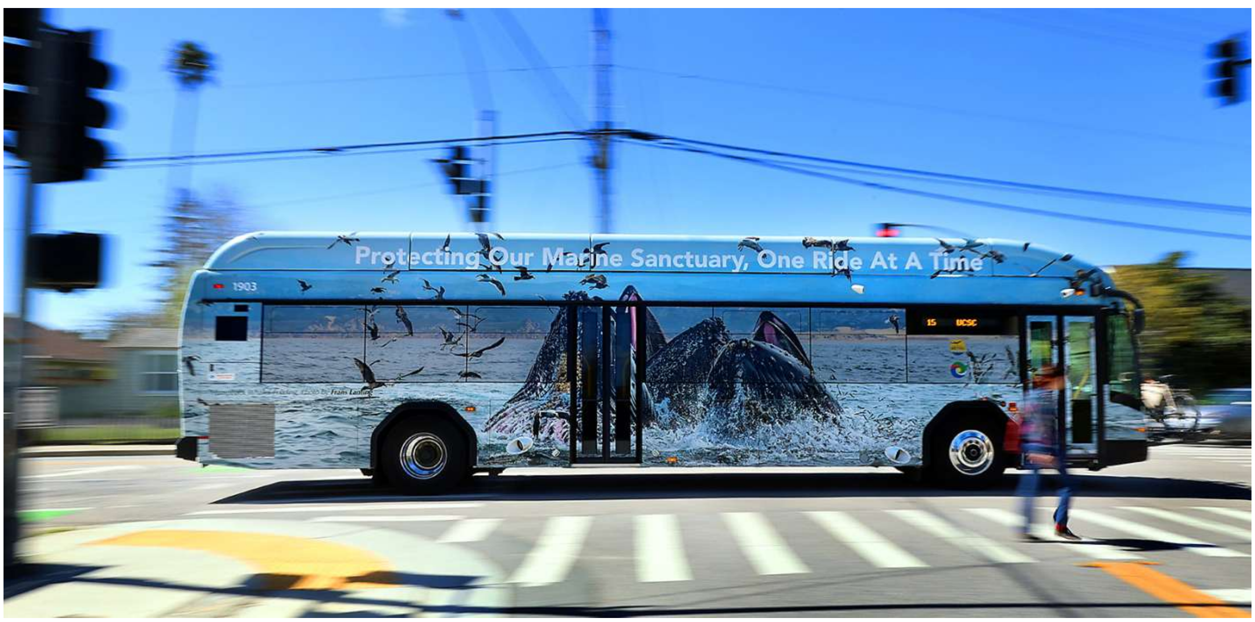
In FY 2024-25, the RTC, in partnership with the City of Santa Cruz, UCSC, Ecology Action, and other entities, used Measure D funds to continue to promote "Go Santa Cruz County," an online commute manager and incentives platform with carpool and vanpool ride matching, and transit and bike trip planning. Cruz511, including the Go Santa Cruz County program, is funded in part by Measure D-Highway Corridor and SAFE funds.

More than 6,800 participants have signed up for Go Santa Cruz County since launching the program in mid-2021, with over 800 participants signing up in FY 2024-25. In the past year, participants took a total of 78,000 trips using alternative transportation modes, such as walking, biking, carpooling, vanpooling, public transit, and telecommuting. This resulted in a reduction of 189.1 tons of CO_2 emissions and the burning of over 6.7 million calories. The CO_2 emission reduction is equivalent to the emissions from about 41 typical passenger cars driven for one year with a gas mileage of about 22 miles per gallon and driven about 11,500 miles per year. Staff also attended in-person community events to generate interest in the GO Santa Cruz County Program and to register new participants.

RTC marketing consultants continued marketing the [promotional video] created to reach new audiences. Marketing consultants created daily social media posts on various social media channels that were engaging and informative. The strategy included a mix of paid and organic social media marketing. Employer outreach consultants continued engaging with major employers, onboarding new employers onto the platform, and providing virtual and on-site commuter safety workshops to participants.

In FY 2024-25, the RTC continued its partnership with the Santa Cruz Metropolitan Transit District (METRO), to support the One Ride at a Time (ORAT) campaign to encourage people to take the bus while protecting Santa Cruz County's extraordinary natural resources. To participate, riders sign up for Go Santa Cruz County and log their bus trips. They earn 10 points for each trip, with a maximum of two trips per day. Once participants reach 250 points, or 25 trips, they can choose one of two nonprofit partners to receive a $10 donation. The partners are the Monterey Bay National Marine Sanctuary Foundation and the Bay of Life Fund, both of which work to protect the environment. Over 233 participants logged more than 13,185 transit trips in FY 2024-25, travelling over 97,511 miles throughout Santa Cruz County.

In spring of 2025, the GO Santa Cruz County Bicycle Incentives Program launched building upon the success of the downtown Go Santa Cruz e-bike rebate program and provides point-of-sale vouchers for the purchase of non-electric and electric bicycles and subsidized annual memberships for the regional electric bikeshare service. It combines financial incentives, promotion, and education to encourage people to commute by bike, whether it’s with a non-electric or electric bike.



In FY 2024-25 the RTC continued to provide traveler information, including details about county road and lane closures, to the public via cruz511.org and social media accounts on Facebook and Twitter. Cruz511 provides a valuable service for drivers navigating challenging road conditions, particularly during the winter months. Google Analytics data consistently shows increased web traffic during this period, reflecting the heightened need for real-time information. This surge demonstrates the importance of Cruz511's resources, including accident reports and delay notifications, when inclement weather makes road conditions unpredictable. The website's role in providing timely travel alerts for incidents, road closures, construction and maintenance activities further underscores its importance in keeping the public informed and better prepared while traveling throughout the community.

Safe on 17 and Freeway Service Patrol (FSP): The Service Authority for Freeway Emergencies (SAFE) annual budget provides funds for several motorist aid services.

The RTC administers the Freeway Service Patrol (FSP) which consists of roving tow trucks during commute hours and other high traffic periods looking for disabled vehicles or debris on designated highway segments. The FSP provides on-the-spot help to stranded motorists. The purpose of the FSP is to decrease traveler delays associated with non-recurrent congestion, reduce collisions, improve air quality, and reduce fuel consumption by rapidly clearing incidents. In FY 2024-25, FSP tow providers roved Highways 1 and 17 for 3,606 hours and provided 856 assists to motorists and the California Highway Patrol (CHP). The most frequent services provided by FSP include assistance with collisions, mechanical quick fixes, and flat tire repairs.

The emergency call box program connects stranded motorists with roadside assistance through a network of 70 cellular phone service call boxes located along Highways 1, 9, 17, 152, and 129. The call box system includes assistive technologies that can help people with disabilities communicate more easily with the call answering center. The call boxes convert TTY (teletypewriter) messages into RTT (real-time text) messages. RTT uses the internet to transmit text in real time, while TTY uses the phone line. This makes RTT faster and more reliable than TTY.

Call box usage has continued to decline annually as personal cellular phones become available to nearly the entire population. However, call boxes in more remote areas continue to be used because they have more reliable phone service than personal cellular phones.

The RTC also administers the Safe on 17 Program which aims to maintain a reduced collision rate on Highway 17 by providing additional resources for extra CHP enforcement. Program funding is provided annually by the RTC SAFE ($50,000) and Measure D-Highway ($50,000) for extra CHP enforcement in Santa Cruz County and the Metropolitan Transportation Commission (MTC) SAFE ($50,000) for enforcement in Santa Clara County. In FY 2024-25, CHP provided 961 hours of extra enforcement throughout the

Highway 17 corridor. Through the Safe on 17 Program, the RTC, Caltrans and the CHP work in partnership to develop highway improvements that will help to reduce collisions and provide information to the public to encourage safer driving.

Cruz511, a 511-traveler information project (described in more detail in the above section), is also funded in part through the SAFE budget.

Neighborhood Projects

Approximately 30% of Measure D revenues are distributed by formula to the cities of Capitola, Santa Cruz, Scotts Valley, Watsonville and County public works departments for transportation projects in local jurisdictions. In FY2024/25, the cities and County repaired several local roads, built new bicycle and pedestrian facilities, and provided transportation safety programs throughout the county.

1. **County of Santa Cruz**:
   - Roadway Resurfacing + East Cliff Drive Resurfacing: 5.75 miles of roads including bike lane enhancements on the continuous East Cliff-Portola Dr corridor. Additional work performed on part of the summer 2025 countywide road resurfacing program that addressed a total of 11.68 miles.
   - Green Valley Road Multi-Use Path: The County used Measure D funds as well as grant funds including a $5 million Clean California grant to construct a new 2-mile pathway serving bicyclists and pedestrians, including landscaping, transit improvements, public art, and bike education at the local school.
   - Mountain Charlie PM 1.63 Emergency Landslide Repair.

El Solyo Heights Drive

2. **City of Capitola:**
   Pavement Management (minor expenses only)

3. **City of Santa Cruz:**

Measure D contributed towards the following major projects.

- City Residential and Collector Street Reconstruction: ongoing pavement management efforts as well as the purchase of a patch truck.
- Bay Drive Protected Bike Lane and Pedestrian Path: New separated bike lanes, updated accessibility, and a new pedestrian path between Escalona Drive and Nobel.
- Coastal Rail Trail Segment 7 Phase 2: completion of construction of the 1.2-mile off-street paved bicycle and pedestrian path along the Santa Cruz Branch Rail Line.

4. **City of Scotts Valley:**

No significant expenditures.

5. **City of Watsonville:**

Measure D contributed towards the following major projects:

- Green Valley Road Improvements: rehabilitation of 2,200 feet of road, including improved bike lanes and replaced curb ramps.
- Pedestrian Traffic Safety Projects: a project that made targeted safety improvements at more than 60 locations citywide.
- Lee Road Trail Project Phase 1: Design phase completed for a project to build a bike and pedestrian route, with a street alignment along Harkins Slough Road and a separate trail paralleling the northern part of Lee Road.
- Pavement Management: citywide resurfacing of various roads.
- Freedom Boulevard Road Rehab and Traffic Calming Project: Design phase of project to rehabilitate and provide complete streets elements.

Green Valley Road Reconstruction

6. **Highway 17 Wildlife Crossing**
   Caltrans completed most of the Highway 17 Wildlife Crossing construction in 2022. RTC utilized an inter-program loan from the Measure D Highway Corridors investment category ($1.53 million in FY 2022/23 and FY 2023/24) to advance the project. Measure D formula funds are being used to repay the loan, starting in FY 2023/24. In FY 2024/25, approximately $211,000 was applied toward repayment of the inter-program loan. This project is under the Neighborhood investment category, but since it is regional in nature, the funds flow through the RTC, which has a cooperative agreement with Caltrans for implementation of the project.

7. **Highway 9 Corridor Investments**

Building off of the community-based Highway 9/San Lorenzo Valley (SLV) Complete Streets Corridor Plan, RTC staff used Measure D funds in FY 2024-25 to leverage grant funding for priority projects for implementation along the corridor as identified in the Measure D-funded Project Initiation Document (PID). The PID was completed in Fall 2022 and Measure D revenues were used to leverage a $1.8M STIP grant in December 2023 to include priority Complete Streets components identified for Segment 1 Felton and Segment 2 SLV Schools in Caltrans' existing 05-1K890 SHOPP Capital and Preventative Maintenance (CAPM) repaving project.

The Caltrans project will be funding construction of pedestrian and bicycle facilities from Laurel Drive in south Felton to the entrance to SLV High School, as well as a reconstructed pedestrian island in the Graham Hill/Hwy 9 intersection and a two-way left turn lane in downtown Felton. The Measure D and STIP funded improvements extend from Redwood Drive at the southern end of the town of Felton, to El Solyo Heights drive and the entrance to the SLV Middle School. These improvements include additional bike facilities, bike boxes at the Graham Hill intersection, pedestrian facilities connecting to transit stops and Henry Cowell State Park, curb extensions "bulb-outs" and/or pedestrian islands at crosswalks, transit stop improvements, and circulation improvements for all modes around the SLV High School entrance as identified in the SLV Schools Access Study. The Environmental Document for the 05-1K890 project was released in January 2025, and the Plan, Specifications and Estimates (PS&E) phase began in May 2025.

This successful grant and partnership with an existing Caltrans project represents a huge win for the Highway 9/SLV Measure D program. Measure D funds are currently estimated to be funding only approximately 17% of construction costs and approximately 6% of preconstruction costs for all complete streets elements identified in the SLV Plan for both the Felton and the SLV Schools segments.

In addition to the PS&E work in collaboration with Caltrans currently underway in the Felton/SLV Schools area, SLV Program staff are working on a comprehensive update of the Hwy 9/SLV Complete Streets Plan. The plan is being updated and expanded to include all conventional undivided highways outside of city limits in Santa Cruz County, specifically Highways 1 north of Santa Cruz, 9, 35, 236, 152, and 129 outside of Watsonville. The Rural Highways Safety Plan (RHSP) will include the components necessary to be considered an approved Comprehensive Safety Action Plan (CSAP), allowing the SLV Program improvements, as well as any new improvements identified in the RHSP, to compete for federal Highway Safety Improvement Program (HSIP) and Safe Streets for All (SS4A) implementation funding.

In winter 2022, Congressional Representative Anna Eshoo supported SCCRTC in securing a $1,500,000 federal appropriation (earmark) for the Boulder Creek Complete Streets Improvements project. This project seeks to implement the complete streets improvements identified in the SLV Plan and further refined in the San Lorenzo Vally Project Initiation Document in Boulder Creek along Highways 9 and 236. Components include new and updated sidewalks, enhanced crosswalks with curb extensions, pedestrian refuge islands, and other features to enhance pedestrian safety and slow vehicle speeds.

In FY 2023/24 RTC staff released a request for Proposals (RFP) for the Project Approval and Environmental Document (PAED) phase of the project. Staff were successful in securing a qualified consultant to perform the PAED phase of the project. The project approval and environment design contract work commenced in spring 2025. The PAED phase of the project is estimated to be completed in mid 2027. The $1.5M earmark was authorized by Caltrans and will be used to cover the PAED phase of the project while staff continue to seek additional funding grants to bring the project into construction.

<u>Transit/Paratransit</u>

1. **Santa Cruz Metro**:
   - Transit and Paratransit Operating Support: Measure D was used to continue providing additional bus and paratransit service and avoid service cuts.
   - Purchase of 10 CNG articulated buses and bus components.

2. **Lift Line Community Bridges:**
   - Continue its expanded service hours and provided additional medical and essential rides. Measure D provided funding for 2.5 additional drivers.
   - Driver trainer to provide safety and service training.
   - Executive assistant/dispatcher
   - Vehicle general operation and maintenance costs.
   - General operations overhead costs
   - Lift Line Operations Facility

III. FINANCIAL STATEMENTS

The financial statements of Measure D are on an accrual basis, as the revenues are recorded when earned and expenditures are recognized when incurred. Measure D, the Fund, is divided into six subfunds – Administration and Implementation; Neighborhood; Highway Corridor; Transit/Paratransit; Active Transportation; and Rail Corridor subfunds. The Neighborhood Subfund has two additional subfunds to account for the San Lorenzo Valley

Highway 9 Corridor Improvements and Highway 17 Wildlife Crossing Expenditure Plan projects.

The Measure D Fund is a placeholder where all Measure D proceeds are initially deposited prior to the distribution to the subfunds. This shows total proceeds from the California Department of Tax and Fee Administration (formerly the Board of Equalization) and the amounts distributed to the Administration and Implementation, as well as to each of the five Investment Categories. Each subfund earns and keeps any interest earned due to the time lag between the deposit to the subfunds and the payment to recipients.

The revenues shown in the Management Discussion & Analysis (MD&A) Consolidated Balance Sheet (page 25 of the MD&A) represent actual Measure D proceeds received, any interest earned, and other revenues (including reimbursements from FEMA for 2017 storm damage project costs and funds previously paid to Administration and Implementation that were distributed to subfunds in FY 2024/25. The expenditures are actual payments sent to recipients or vendors; these are not inter-fund payments. Funds not yet paid into the six subfunds in FY 2024/25 (which had not left Measure D Fund) comprise the Fund Balances.

IV. FINANCIAL HIGHLIGHTS

Consolidated Financial Statements

The consolidated Balance Sheet shows a cash balance of $29,152,237 and a fund balance net position of $28,940,561 on June 30, 2025. These balances are being reserved for construction and other major expenses anticipated in FY 2025/26 and beyond, including significant highway and trail construction projects. The liability of $4,266,352 is the sum of the accounts payable from all subfunds; it represents the amount the subfunds have not paid in FY2024/25 that are still owed to regional investment categories and direct recipients of Measure D and outside vendors.

In FY 2024/25, Measure D revenues totaled $27,599,097 (page 27) and earned $1,307,696 in interest for a total of $28,906,793. Total expenditure by the RTC, including payments made to direct recipients, amounted to $32,563,808 over the same 12 months through June 30, 2025. The RTC’s Measure D fund balance is restricted to related subfunds and is not available for distribution to direct recipients.

Subfunds Financial Statements

The monthly receipts from California Department of Tax and Fee Administration are accounted for in Measure D – the fund. These receipts were all (100%) distributed to the Administration & Implementation subfund and the Five Investment Category subfunds according to the pre-determined allocation formula prescribed in the Measure D Ordinance. The revenues equal expenditures in Measure D – the fund; and any net position is the cumulative interest earned by the cash receipts prior to distribution. This net position is unrestricted and is available for distribution to other subfunds. Below is the FY 2024/25 receipts distribution schedule and presentation of the distribution with and without the Administration & Implementation subfund as part of the percent split:

Measure D Distribution
FY 2024/25 Ending June 30, 2025

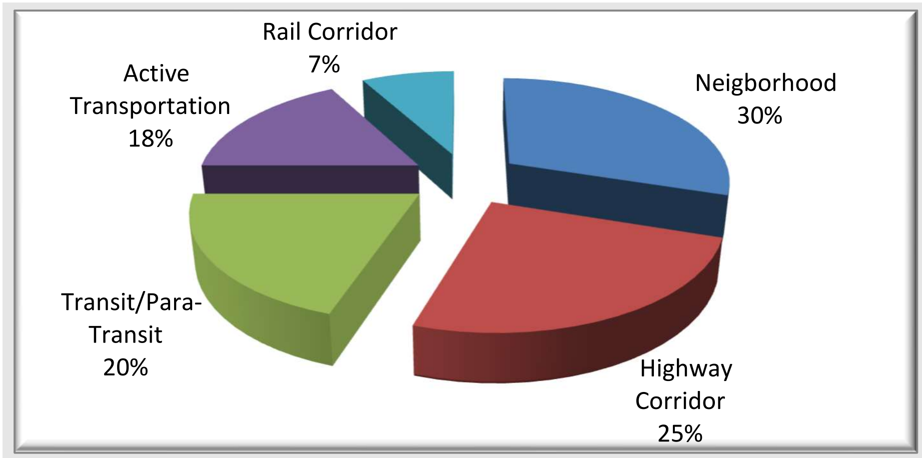
	With Administration & Implementation			Without Administration & Implementation		
Administration Salaries & Benefits	$	244,257	0.9%			
Administration & Overhead		372,466	1.3%			
Neighborhood		8,043,811	29.1%	$	8,043,811	29.8%
Highway Corridor		6,749,297	24.5%		6,749,297	25.0%
Transit/Para-Transit		5,372,928	19.5%		5,372,928	19.9%
Active Transportation		4,824,689	17.5%		4,824,689	17.9%
Rail Corridor		1,991,649	7.2%		1,991,649	7.4%
TOTAL	$	27,599,097	100.0%	$	26,982,374	100.0%

The total receipts of $27,599,097 were below projection. Actual receipts varied by investment category as shown in the table below:

	Receipts	Budget	Over(Under) Budget*	%
Administration & Implementation	$ 616,723	$ 761,131	$ (144,408)	-19%
Neighborhood	8,043,811	8,077,838	(34,027)	0%
Highway Corridor	6,749,297	6,731,532	17,765	0%
Transit/Para-Transit	5,372,928	5,385,225	(12,297)	0%
Active Transportation	4,824,689	4,577,441	247,248	5%
Rail Corridor	1,991,649	2,154,090	(162,441)	-8%
TOTAL	$ 27,599,097	$ 27,687,257	$ (88,160)	

* Difference of Receipts (actual revenues received from state) over what was budgeted (forecasted prior to end of fiscal year).

Graph 1 – Measure D Distribution Without Administration & Implementation



Payments to Neighborhood and Transit/Para-transit recipients are made monthly, based on actual, rather than budgeted, revenues. Disbursements to regional projects (Highway Corridor; Rail/Trail; and Rail Corridor) were based on presentation of invoices or other evidentiary cost documentation. Highway 9/SLV investments and Highway 17 Wildlife Overcrossing are in the Neighborhood subfund, but they are regional projects and funds are managed by the RTC. For Highway 9, $5,810 was expended in FY 2024/25; $210,573 was expended in FY2024/25 for the Highway 17 project. Absent, Highway 9 and Highway 17, Measure D receipts would equal expenditures in the Neighborhood subfund. The equality of receipts and expenditures also exists in Transit/Para-transit subfund because these are pass-through funds and monthly payments are automatic, provided that the recipients are in compliance with Measure D requirements. The Supplementary Information Section presents the detailed monthly distribution of Measure D (starting on page 32 of the audit).

Highway 9; Highway Corridor; Active Transportation (Coastal Rail Trail - MBSST); and Rail all show high fund balances because funds are needed for construction work scheduled to begin in future years.

The following is a condensed revenues, expenditures, and change in position table:

MEASURE D
COMBINED REVENUES, EXPENDITURES, AND CHANGE IN NET POSITION
FY 2024-25
Period Ending June 30, 2025
Condensed Revenues, Expenditures, and Changes in Net Position Statements

	Unallocated	Admin	Neighborhood	Highway	Transit	Active Transportation	Rail	TOTAL
REVENUES								
Tax Revenues	$ -	$ 616,723	$ 8,043,811	$ 6,749,297	$ 5,372,928	$ 4,824,689	$ 1,991,649	$ 27,599,097
Interest	2,556	11,148	101,610	669,391	831	321,428	200,732	1,307,696
TOTAL REVENUES	2,556	627,871	8,145,421	7,418,688	5,373,759	5,146,117	2,192,381	28,906,793
EXPENDITURES								
Admin/Impl		323,751						323,751
Neighborhood			6,206,666					6,206,666
Highway Corr				13,034,190				13,034,190
Transit/Para Transit					5,387,442			5,387,442
Active Transp						4,253,000		4,253,000
Rail Corridor							3,358,759	3,358,759
TOTAL EXPENDITURES	-	323,751	6,206,666	13,034,190	5,387,442	4,253,000	3,358,759	32,563,808
EXCESS OF REV OVER EXPENDITURES	2,556	304,120	1,938,755	(5,615,502)	(13,683)	893,117	(1,166,378)	(3,657,015)
Beginning Net Position	(341)	134,184	685,954	20,746,080	13,573	6,611,991	6,454,370	34,645,811
Prior-period Adjustment			1,308,089	(2,170,734)			(1,185,590)	(2,048,235)
Beginning Net Position, restated	(341)	134,184	1,994,043	18,575,346	13,573	6,611,991	5,268,780	32,597,576
ENDING NET POSITION	$ 2,215	$ 438,304	$ 3,932,798	$ 12,959,844	$ (110)	$ 7,505,108	$ 4,102,402	$ 28,940,561

Neighborhood Subfunds	SR9 SLV	Hwy 17 Wild	TOTAL
REVENUES			
Tax Revenues	$ 277,778	$ 138,889	$ 416,667
Interest	95,563	3,907	99,470
TOTAL REVENUES	373,341	142,796	516,137
EXPENDITURES			
SLV/SR9	5,810		5,810
Hwy 17 Wildlife Overcross		210,573	210,573
TOTAL EXPENDITURES	5,810	210,573	216,383
EXCESS OF REV OVER EXPENDITURES	367,531	(67,777)	299,754
Beginning Net Position	2,094,959	109,657	2,204,616
ENDING NET POSITION	$ 2,462,490	$ 41,880	$ 2,504,371

FINANCIAL ISSUES AND CONCERNS

Delivering large projects: While pay-as-you-go financing is the preferred method for delivery of projects, the RTC is working to accelerate delivery of most projects identified in the Measure D Expenditure Plan and 5-Year Programs of Projects. Measure D revenues are intended to be used to leverage other grants. The RTC, Caltrans and local agencies have been using Measure D funds to accelerate pre-construction work and make projects more competitive to leverage state and federal transportation funding grants, including those available in part because of state Senate Bill (SB1) (2017), a State budget surplus, and the Federal Infrastructure Investment and Jobs Act (IIJA). In order to accelerate delivery of some larger projects, RTC will continue to evaluate a range of financing options, including inter-program loans such as the one between the Highway Subcategory and Highway 17

Wildlife Crossing project. Since 2022, in order to leverage grants and accelerate delivery, the RTC has adopted Active Transportation and Highway Corridors five-year plans that exceed projected revenues on a cash-flow-basis and confirmed its commitment to secure future financing if needed. Financing is allowed by the Ordinance and consistent with the Measure D Strategic Implementation Plan policies.

V. COMPLIANCE WITH MEASURE D ORDINANCE

In FY 2024/25, the RTC and recipient agencies demonstrated that they implemented Measure D in accordance with the Measure D Ordinance and Expenditure Plan, as well as agreements and guidelines established by the RTC for recipient agencies. Recipients provided expenditure reports and audited financials showing how Measure D funds were spent, and provided information to demonstrate compliance with the Ordinance, including requirements related to Maintenance of Effort and public outreach.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF NET POSITION
June 30, 2025

ASSETS	
Cash in county treasury	$ 29,152,237
Accounts receivable	5,168,096
Total assets	34,320,333
LIABILITIES	
Accounts payable	4,266,352
Salaries payable	1,113,420
Total liabilities	5,379,772
NET POSITION	
Restricted for distribution	28,938,456
Unrestricted	2,105
Total net position	$ 28,940,561

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2025

Revenues:		
State Board of Equalization - sales tax apportionment	$	27,599,097
Interest		1,307,696
Total revenues		28,906,793
Expenses:		
Salaries and benefits		1,857,457
Services and supplies		343,430
Claimants:		
City of Capitola		300,368
City of Santa Cruz		1,839,401
City of Scotts Valley		311,530
City of Watsonville		967,117
County of Santa Cruz		3,762,680
Santa Cruz County Regional Transportation Commission		17,794,383
Community Bridges		1,073,906
Santa Cruz Metropolitan Transit District		4,313,536
Total expenses		32,563,808
Change in net position		(3,657,015)
Net position, beginning of fiscal year		34,645,811
Prior period adjustment		(2,048,235)
Net position, beginning of fiscal year adjusted		32,597,576
Net position, end of fiscal year	$	28,940,561

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Measure D Fund (the Fund) was established as an expendable trust fund of Santa Cruz County Regional Transportation Commission (the Commission). The purpose of the trust fund is to accumulate revenues transmitted to the Commission by the State of California derived from a ½ cent of the general sales tax collected within Santa Cruz County.

The Commission is the Regional Transportation Planning Agency which is responsible for apportionments from the Measure D Fund.

The financial statements present only the activity of the Measure D Fund, and are not intended to present the financial position and changes in financial position of Santa Cruz County Regional Transportation Commission, in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Interest income is allocated monthly to the fund by the Treasurer of Santa Cruz County.

C. Cash and County Treasury

The Measure D Fund holds its cash in the County of Santa Cruz Treasury. The County maintains a cash and investment pool, and allocates interest to the various funds based upon the average daily cash balances. Information regarding categorization of investments can be found in the County of Santa Cruz's basic financial statements.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the Fund’s deposits may not be returned to it. The Fund does not have a formal deposit policy for custodial credit risk in addition to the California Government Code collateral requirements. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation. All deposits held by financial institutions are fully insured or collateralized with securities, held by the pledging financial institutions' trust departments in the Fund’s name.

Investments at June 30, 2025, consist of the following:

Pooled Investment Funds:	
Cash in county treasury	$ 29,152,237

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Fund categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Fund does not have any investments measured under Level 1, Level 2, or Level 3.

Cash in County Treasury

The fund maintains a portion of its cash in the Santa Cruz County Treasury, an external investment pool. The County pools these funds with those of other governmental entities in the county and invests the cash. These pooled funds are carried at fair value. Interest is earned based on average daily balance and is deposited quarterly into participating funds. Any investment gains and losses are proportionately shared by all funds in the pool. The County is restricted by the California Government Code to invest in obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government sponsored enterprise; obligations of state and local agencies of this State; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The County's report discloses the required information in accordance with Governmental Accounting Standards Board Statement Nos. 3 and 40. Pooled investments are not required to be categorized by risk category.

Interest Rate Risk

The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Fund has no investment policy that would further limit its investment choices. Santa Cruz County Treasury pooled investment funds are unrated.

NOTE 3 – PRIOR -PERIOD ADJUSTMENTS

There were prior-period adjustments recorded for three funds. The Neighborhood Fund had a prior-period adjustment to increase beginning net position by $1,308,089 to account for a loan repayment that was made in a prior fiscal year but was not recorded in the financial statements. The Highway Corridor Fund had a prior-period adjustment to decrease beginning net position by $2,170,734 to account for distributions made in the prior fiscal year but not recorded until after the financial statements had been prepared. Finally, there was a prior-period adjustment to decrease the beginning net position by $1,185,590 in the Rail Corridor Fund to account for FEMA disaster recovery reimbursements that the Commission previously accrued but are no longer anticipated to be reimbursed as originally expected.

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SUPPLEMENTARY INFORMATION

Moss, Levy & Hartzheim LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON MEASURE D COMPLIANCE

Citizen Oversight Committee
Santa Cruz County Regional Transportation Commission
Santa Cruz, California

Report on Compliance for Measure D

Opinion on Compliance for Measure D

We have audited the Measure D Fund of the Santa Cruz County Regional Transportation Commission's (the Commission) compliance with the types of compliance requirements described in *Ordinance No. 2016-01* (Measure D), applicable for the fiscal year ended June 30, 2025.

In our opinion, the funds allocated to and received by Santa Cruz County Regional Transportation Commission pursuant to Measure D, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of Measure D of Santa Cruz County Regional Transportation Commission for the fiscal year ended June 30, 2025.

Basis for Opinion on Measure D

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Ordinance No. 2016-01.* Our responsibilities under those standards and *Ordinance No. 2016-01* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Measure D Fund of the Santa Cruz County Regional Transportation Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Measure D. Our audit does not provide a legal determination of the Measure D Fund of the Santa Cruz County Regional Transportation Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Measure D Fund of Santa Cruz County Regional Transportation Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards,* and *Ordinance No. 2016-01* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Measure D Fund of Santa Cruz County Regional Transportation Commission's compliance with the requirements of Measure D as a whole.

2400 Professional Parkway, Suite 205 Santa Maria, CA 93455 Tel 805.925.2579 Fax 805.925.2147 mlhcpas.com

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In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and *Ordinance No. 2016-01*, 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 Measure D Fund of Santa Cruz Regional Transportation Commission's compliance with the compliance requirements referred to above and performing such other procedures we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *Ordinance No 2016-01*, but not for the purpose of expressing an opinion on the effectiveness of the Measure D Fund of Santa Cruz Regional Transportation Commission's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

This report is intended solely for the information and use of the Citizen Oversight Committee, management of the Santa Cruz County Regional Transportation Commission and for filing with the appropriate regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim LLP

Santa Maria, California
June 30, 2026

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF NET POSITION BY ALLOCATION
June 30, 2025

	Unallocated	Admin	Neighborhood	Highway Corridor
ASSETS				
Cash and investments	$ 2,215	$ 458,936	$ 2,793,943	$ 11,973,704
Accounts receivable	4,909,896			
Due from other sub funds		146,936	1,428,888	1,190,740
Total assets	4,912,111	605,872	4,222,831	13,164,444
LIABILITIES				
Accounts payable			288,498	
Salaries payable		167,568	1,535	204,600
Due to other sub funds	4,909,896			
Total liabilities	4,909,896	167,568	290,033	204,600
NET POSITION				
Restricted for distribution		438,304	3,932,798	12,959,844
Unrestricted	2,215			
Total net position	$ 2,215	$ 438,304	$ 3,932,798	$ 12,959,844

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF NET POSITION BY ALLOCATION (Continued)
June 30, 2025

	Transit	Active Transportation	Rail Corridor	Total Measure D
ASSETS				
Cash and investments	$ 85,513	$ 8,750,957	$ 5,086,969	$ 29,152,237
Accounts receivable		258,200		5,168,096
Due from other sub funds	952,592	809,703	381,037	4,909,896
Total assets	1,038,105	9,818,860	5,468,006	39,230,229
LIABILITIES				
Accounts payable	1,038,215	1,916,036	1,023,603	4,266,352
Salaries payable		397,716	342,001	1,113,420
Due to other sub funds				4,909,896
Total liabilities	1,038,215	2,313,752	1,365,604	10,289,668
NET POSITION				
Restricted for distribution		7,505,108	4,102,402	28,938,456
Unrestricted	(110)			2,105
Total net position	$ (110)	$ 7,505,108	$ 4,102,402	$ 28,940,561

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF CHANGES IN NET POSITION BY ALLOCATION
For the Fiscal Year Ended June 30, 2025

	Unallocated	Admin	Neighborhood	Highway Corridor
Revenues:				
State Board of Equalization - sales tax	$ -	$ 616,723	$ 8,043,811	$ 6,749,297
Interest	2,556	11,148	101,610	669,391
Total revenues	2,556	627,871	8,145,421	7,418,688
Expenses:				
Salaries and benefits		231,859	5,810	300,024
Services and supplies		6,403		
Claimants:				
City of Capitola			300,368	
City of Santa Cruz			1,404,312	
City of Scotts Valley			311,530	
City of Watsonville			967,117	
County of Santa Cruz			3,217,529	
Santa Cruz County Regional Transportation Commission		85,489		12,734,166
Community Bridges				
Santa Cruz Metropolitan Transit District				
Total expenses		323,751	6,206,666	13,034,190
Change in net position	2,556	304,120	1,938,755	(5,615,502)
Net position - beginning of fiscal year	(341)	134,184	685,954	20,746,080
Prior period adjustment			1,308,089	(2,170,734)
Net position - beginning of fiscal year adjusted	(341)	134,184	1,994,043	18,575,346
Net position - end of fiscal year	$ 2,215	$ 438,304	$ 3,932,798	$ 12,959,844

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF CHANGES IN NET POSITION BY ALLOCATION (Continued)
For the Fiscal Year Ended June 30, 2025

	Transit	Active Transportation	Rail Corridor	Total Measure D
Revenues:				
State Board of Equalization - sales tax	$ 5,372,928	$ 4,824,689	$ 1,991,649	$ 27,599,097
Interest	831	321,428	200,732	1,307,696
Total revenues	5,373,759	5,146,117	2,192,381	28,906,793
Expenses:				
Salaries and benefits		717,250	602,514	1,857,457
Services and supplies		337,027		343,430
Claimants:				
City of Capitola				300,368
City of Santa Cruz		435,089		1,839,401
City of Scotts Valley				311,530
City of Watsonville				967,117
County of Santa Cruz		545,151		3,762,680
Santa Cruz County Regional Transportation Commission		2,218,483	2,756,245	17,794,383
Community Bridges	1,073,906			1,073,906
Santa Cruz Metropolitan Transit District	4,313,536			4,313,536
Total expenses	5,387,442	4,253,000	3,358,759	32,563,808
Change in net position	(13,683)	893,117	(1,166,378)	(3,657,015)
Net position - beginning of fiscal year	13,573	6,611,991	6,454,370	34,645,811
Prior period adjustment			(1,185,590)	(2,048,235)
Net position - beginning of fiscal year adjusted	13,573	6,611,991	5,268,780	32,597,576
Net position - end of fiscal year	$ (110)	$ 7,505,108	$ 4,102,402	$ 28,940,561

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
SUMMARY OF OUTGO BY PROJECT
For the Fiscal Year Ended June 30, 2025

	Unallocated	Admin	Neighborhood	Highway Corridor
Expenses:				
Salaries and benefits	$ -	$ 231,859	$ 5,810	$ 300,024
Services and supplies		6,403		
City of Capitola			300,368	
City of Santa Cruz			1,404,312	
City of Scotts Valley			311,530	
City of Watsonville			967,117	
County of Santa Cruz			3,217,529	
Commission oversight and coordination		85,489		
Corridor encroachment & maintenance				
North Coast- Segment 5				
Highway 1				12,455,634
Cruz 511				140,414
FSP				138,118
Community Bridges				
Coastal Rail Trail - Segment 7,8,9				
Coastal Rail Trail - Segment 10,11				
Storm damage				
Bridge repairs and maintenance				
Rail preservation				
Zero emmissions passenger rail and trail				
Santa Cruz Metropolitan Transit District				
Total expenses	$ -	$ 323,751	$ 6,206,666	$ 13,034,190

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
SUMMARY OF OUTGO BY PROJECT (Continued)
For the Fiscal Year Ended June 30, 2025

	Transit	Active Transportation	Rail Corridor	Total Measure D
Expenses:				
Salaries and benefits	$ -	$ 717,250	$ 602,514	$ 1,857,457
Services and supplies		337,027		343,430
City of Capitola				300,368
City of Santa Cruz		435,089		1,839,401
City of Scotts Valley				311,530
City of Watsonville				967,117
County of Santa Cruz		545,151		3,762,680
Commission oversight and coordination				85,489
Corridor encroachment & maintenance		284,908		284,908
North Coast- Segment 5		1,833,368		1,833,368
Highway 1				12,455,634
Cruz 511				140,414
FSP				138,118
Community Bridges	1,073,906			1,073,906
Coastal Rail Trail - Segment 7,8,9		22,299		22,299
Coastal Rail Trail - Segment 10,11		77,908		77,908
Storm damage			888	888
Bridge repairs and maintenance			19,679	19,679
Rail preservation			941,411	941,411
Zero emmissions passenger rail and trail			1,794,267	1,794,267
Santa Cruz Metropolitan Transit District	4,313,536			4,313,536
Total expenses	$ 5,387,442	$ 4,253,000	$ 3,358,759	$ 32,563,808

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
SUMMARY OF REVENUE ALLOCATION BY MONTH - CASH BASIS
For the Fiscal Year Ended June 30, 2025

	July	August	September	October	November	December	January
Revenues							
Gross	$ 2,309,396	$ 2,560,679	$ 2,197,537	$ 2,034,589	$ 2,678,020	$ 2,282,459	$ 1,962,750
Board of Equalization Fees		(44,270)			(44,270)		
Net Sales Tax	2,309,396	2,516,409	2,197,537	2,034,589	2,633,750	2,282,459	1,962,750
Administration & Implementation							
Admin Salaries & Benefits	23,094	25,164	21,975	20,345	26,337	22,824	19,627
Overhead Admin	17,407	18,967	16,564	15,336	19,851	17,204	14,794
Implementation & Oversight	10,020	10,021	10,020	10,020	10,020	10,020	10,020
Services & Supplies	4,041	4,041	4,042	4,042	4,042	4,042	4,042
Subtotal	54,562	58,193	52,601	49,743	60,250	54,090	48,483
Amount to Distribute to Investment Categories	$ 2,254,834	$ 2,458,216	$ 2,144,936	$ 1,984,846	$ 2,573,500	$ 2,228,369	$ 1,914,267
Investment Categories							
Neighborhood							
SLV SR9	$ 27,778	$ 27,777	$ 27,778	$ 27,777	$ 27,778	$ 27,778	$ 27,778
HWY 17 Wildlife	13,889	13,888	13,889	13,889	13,889	13,889	13,889
City of Capitola	30,699	33,650	29,104	26,782	35,322	30,315	25,758
City of Santa Cruz	143,513	157,307	136,059	125,201	165,126	141,717	120,414
City of Scotts Valley	31,840	34,901	30,187	27,778	36,636	31,442	26,715
City of Watsonville	98,833	108,333	93,700	86,222	113,717	97,597	82,925
County of Santa Cruz	329,899	361,608	312,765	287,805	379,582	325,773	276,801
Total Neighborhood	676,451	737,464	643,482	595,454	772,050	668,511	574,280
Highway Corridors							
Highway Corridors	563,709	614,554	536,234	496,211	643,375	557,092	478,567
Transit/Paratransit							
Santa Cruz Metro	360,773	393,316	343,190	317,575	411,760	356,539	306,283
Community Bridges	90,194	98,329	85,797	79,394	102,940	89,135	76,571
Total Transit/Paratransit	450,967	491,645	428,987	396,969	514,700	445,674	382,854
Active Transportation							
Active Transportation	383,320	417,896	364,639	337,424	437,495	378,823	325,425
Rail Corridor							
Rail Corridor	180,387	196,657	171,595	158,788	205,880	178,269	153,141
Amount Distributed to Investment Categories	$ 2,254,834	$ 2,458,216	$ 2,144,937	$ 1,984,846	$ 2,573,500	$ 2,228,369	$ 1,914,267

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
SUMMARY OF REVENUE ALLOCATION BY MONTH - CASH BASIS
For the Fiscal Year Ended June 30, 2025

	February	March	April	May	June	Total
Revenues						
Gross	$ 2,950,052	$ 1,998,610	$ 1,796,345	$ 2,675,312	$ 2,193,097	$ 27,638,846
Board of Equalization Fees	(44,270)			(40,900)		(173,710)
Net Sales Tax	2,905,782	1,998,610	1,796,345	2,634,412	2,193,097	27,465,136
Administration & Implementation						
Admin Salaries & Benefits	29,058	19,986	17,963	26,344	21,931	274,648
Overhead Admin	21,902	15,064	13,540	19,856	16,530	207,015
Implementation & Oversight	10,020	10,020	10,020	10,020	10,020	120,241
Services & Supplies	4,041	4,042	4,042	4,042	4,042	48,501
Subtotal	65,021	49,112	45,565	60,262	52,523	650,405
Amount to Distribute to Investment Categories	$ 2,840,761	$ 1,949,498	$ 1,750,780	$ 2,574,150	$ 2,140,574	$ 26,814,731
Investment Categories						
Neighborhood						
SLV SR9	$ 27,777	$ 27,778	$ 27,778	$ 27,778	$ 27,777	$ 333,332
HWY 17 Wildlife	13,889	13,889	13,889	13,889	13,888	166,666
City of Capitola	39,200	26,269	23,386	35,332	29,041	364,858
City of Santa Cruz	183,253	122,803	109,325	165,170	135,763	1,705,651
City of Scotts Valley	40,657	27,246	24,256	36,645	30,121	378,424
City of Watsonville	126,201	84,571	75,289	113,748	93,496	1,174,632
County of Santa Cruz	421,251	282,293	251,311	379,684	312,085	3,920,857
Total Neighborhood	852,228	584,849	525,234	772,246	642,171	8,044,420
Highway Corridors						
Highway Corridors	710,190	487,374	437,695	643,537	535,144	6,703,682
Transit/Paratransit						
Santa Cruz Metro	454,522	311,920	280,125	411,864	342,492	4,290,359
Community Bridges	113,630	77,980	70,031	102,966	85,623	1,072,590
Total Transit/Paratransit	568,152	389,900	350,156	514,830	428,115	5,362,949
Active Transportation						
Active Transportation	482,929	331,415	297,633	437,605	363,898	4,558,502
Rail Corridor						
Rail Corridor	227,261	155,960	140,062	205,932	171,246	2,145,178
Amount Distributed to Investment Categories	$ 2,840,760	$ 1,949,498	$ 1,750,780	$ 2,574,150	$ 2,140,574	$ 26,814,731

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
PRIOR YEAR SUMMARY OF REVENUE ALLOCATION BY MONTH - CASH BASIS
For the Fiscal Year Ended June 30, 2024

	July	August	September	October	November	December	January
Revenues							
Gross	$ 2,455,327	$ 2,495,812	$ 2,249,250	$ 2,372,647	$ 2,692,868	$ 2,069,235	$ 1,988,059
Board of Equalization Fees		(54,420)			(54,420)		
Net Sales Tax	2,455,327	2,441,392	2,249,250	2,372,647	2,638,448	2,069,235	1,988,059
Administration & Implementation							
Admin Salaries & Benefits	24,553	24,414	22,493	23,726	26,384	20,692	19,881
Overhead Admin	26,100	25,952	23,910	25,221	28,047	21,996	21,133
Implementation & Oversight	13,056	13,056	13,056	13,057	13,056	13,056	13,056
Services & Supplies	4,042	4,042	4,041	4,042	4,042	4,042	4,042
Subtotal	67,751	67,464	63,500	66,046	71,529	59,786	58,112
Amount to Distribute to Investment Categories	$ 2,387,576	$ 2,373,928	$ 2,185,750	$ 2,306,601	$ 2,566,919	$ 2,009,449	$ 1,929,947
Investment Categories							
Neighborhood							
SLV SR9	$ 27,778	$ 27,777	$ 27,778	$ 27,778	$ 27,778	$ 27,777	$ 27,778
HWY 17 Wildlife	13,889	13,889	13,889	13,889	13,889	13,889	13,889
City of Capitola	32,092	31,898	29,213	30,937	34,652	26,696	25,561
City of Santa Cruz	153,010	152,081	139,277	147,500	165,213	127,280	121,871
City of Scotts Valley	33,106	32,905	30,135	31,914	35,746	27,539	26,369
City of Watsonville	105,552	104,912	96,077	101,751	113,971	87,803	84,071
County of Santa Cruz	350,846	348,716	319,356	338,212	378,827	291,850	279,445
Total Neighborhood	716,273	712,178	655,725	691,981	770,076	602,834	578,984
Highway Corridors							
Highway Corridors	596,894	593,482	546,437	576,650	641,730	502,362	482,487
Transit/Paratransit							
Santa Cruz Metro	382,012	379,829	349,720	369,056	410,707	321,512	308,791
Community Bridges	95,503	94,957	87,430	92,264	102,677	80,378	77,198
Total Transit/Paratransit	477,515	474,786	437,150	461,320	513,384	401,890	385,989
Active Transportation							
Active Transportation	405,888	403,568	371,578	392,122	436,376	341,607	328,091
Rail Corridor							
Rail Corridor	191,006	189,914	174,860	184,528	205,353	160,756	154,396
Amount Distributed to Investment Categories	$ 2,387,576	$ 2,373,928	$ 2,185,750	$ 2,306,601	$ 2,566,919	$ 2,009,449	$ 1,929,947

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
PRIOR YEAR SUMMARY OF REVENUE ALLOCATION BY MONTH - CASH BASIS
For the Fiscal Year Ended June 30, 2024

	February	March	April	May	June	Total
Revenues						
Gross	$ 3,049,260	$ 2,004,978	$ 1,871,779	$ 2,515,689	$ 2,076,145	$ 27,841,049
Board of Equalization Fees	(54,420)			(33,940)		(197,200)
Net Sales Tax	2,994,840	2,004,978	1,871,779	2,481,749	2,076,145	27,643,849
Administration & Implementation						
Admin Salaries & Benefits	29,948	20,050	18,718	24,817	20,761	276,437
Overhead Admin	31,835	21,313	19,897	26,381	22,069	293,854
Implementation & Oversight	13,056	13,056	13,056	13,056	13,056	156,673
Services & Supplies	4,042	4,042	4,041	4,042	4,042	48,502
Subtotal	78,881	58,461	55,712	68,296	59,928	775,466
Amount to Distribute to Investment Categories	$ 2,915,959	$ 1,946,517	$ 1,816,067	$ 2,413,453	$ 2,016,217	$ 26,868,383
Investment Categories						
Neighborhood						
SLV SR9	$ 27,778	$ 27,778	$ 27,777	$ 27,778	$ 27,778	$ 333,333
HWY 17 Wildlife	13,889	13,889	13,889	13,889	13,889	166,668
City of Capitola	39,633	25,798	23,936	32,462	26,793	359,671
City of Santa Cruz	188,963	122,998	114,122	154,770	127,741	1,714,826
City of Scotts Valley	40,885	26,613	24,692	33,487	27,638	371,029
City of Watsonville	130,355	84,849	78,726	106,767	88,121	1,182,955
County of Santa Cruz	433,285	282,031	261,678	354,883	292,904	3,932,033
Total Neighborhood	874,788	583,956	544,820	724,036	604,864	8,060,515
Highway Corridors						
Highway Corridors	728,990	486,629	454,017	603,363	504,054	6,717,095
Transit/Paratransit						
Santa Cruz Metro	466,553	311,443	290,571	386,152	322,595	4,298,941
Community Bridges	116,638	77,860	72,642	96,538	80,649	1,074,734
Total Transit/Paratransit	583,191	389,303	363,213	482,690	403,244	5,373,675
Active Transportation						
Active Transportation	495,713	330,908	308,732	410,288	342,757	4,567,628
Rail Corridor						
Rail Corridor	233,277	155,721	145,285	193,076	161,298	2,149,470
Amount Distributed to Investment Categories	$ 2,915,959	$ 1,946,517	$ 1,816,067	$ 2,413,453	$ 2,016,217	$ 26,868,383