

**SANTA CRUZ COUNTY REGIONAL
TRANSPORTATION COMMISSION**

AUDIT REPORT
June 30, 2025

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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 governmental activities, each major fund, and the aggregate remaining fund information of Santa Cruz County Regional Transportation Commission (the Commission) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission's basic 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 respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Santa Cruz County Regional Transportation Commission, as of June 30, 2025, and the respective changes in financial position 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 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.

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 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.

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 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 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, the budgetary comparison schedules, the schedule of changes in the OPEB liability and related ratios, the schedule of OPEB contributions, the schedule of proportionate share of net pension liability, and the schedule of pension contributions, 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, 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 the Commission's basic financial statements. The schedules of allocations and expenditures are presented for purposes of additional analysis and are not required parts of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2026, on our consideration of the Santa Cruz County Regional Transportation Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Commission's internal control over financial reporting and compliance.

Moss, Remy & Hargreaves LLP

Santa Maria, California
September 24, 2026



Management's Discussion and Analysis Fiscal Year Ending June 30, 2025

1. INTRODUCTION

This Management Discussion and Analysis (MDA) for the Santa Cruz County Regional Transportation Commission's (RTC) audited financials provides supplemental descriptions of work conducted by the RTC during the reporting year.

The RTC was established in 1972 under the provisions of the California Transportation Development Act (TDA) of 1971.

The RTC carries out multimodal transportation responsibilities that cross jurisdictional boundaries in Santa Cruz County, including state-mandated planning and funding requirements. In 1989, the RTC was established as the Service Authority for Freeway Emergencies under California Streets and Highways Code Sections 2550-2559. This allowed the RTC to provide highway call boxes, freeway service patrols and other motorist aid services to Santa Cruz County with funds collected from a \$1 vehicle registration fee on all cars registered in the County. In 2001, Section 67941 was added to the Government Code giving the RTC the power of eminent domain and the power to preserve, acquire, construct, improve, and oversee multimodal transportation projects and services on rail rights-of-way within Santa Cruz County. The RTC purchased the Santa Cruz Branch Rail Line in 2012 and contracts with an operator to provide freight and recreational rail service.

The RTC is also the designated administrator and taxing authority for the Measure D ½-cent transactions and use tax, which was approved by over two-thirds of Santa Cruz County voters in November 2016. An additional separate audit and expenditure reports are prepared that focus on the RTC's role as the Measure D Administrator, including Measure D revenues distributed to recipient agencies and program categories in the Measure D Ordinance.

Per Government Code Section 67940, the RTC is governed by a Commission composed of 12 members and one ex-officio member. The Board sets policies related to transportation planning, funding, projects, and programs throughout the county; delivers regional projects; and, in FY 2024-25, employed 24 full and part-time employees representing 22 full-time equivalent positions.

2. MAJOR PROGRAMS

The RTC sets priorities and secures funding for capital improvements to transportation infrastructure including highways, local roads, public transportation, rail, bicycle and pedestrian facilities; pursues and allocates funds for all elements of transportation; adopts policies to improve the regional transportation system; plans future projects and programs; and provides services to encourage the use of active and sustainable transportation modes, improve the safety and operation of the transportation system, and reduce vehicle emissions.

Per Government Code Section 29532.1, the RTC is the state-designated Regional Transportation Planning Agency (RTPA) for Santa Cruz County. As the RTPA for Santa Cruz County, the RTC is responsible for distributing Transportation Development Act (TDA) funds raised through a 1/4-cent state sales tax, as well as selecting projects and programs to receive the county's formula shares of State Transit Assistance (STA), Senate Bill 1 (SB1) Transit State of Good Repair (SGR), State Transportation Improvement Program (STIP), Surface Transportation Block Grant Program/Regional Surface Transportation Program Exchange (STBG/RSTPX), Low Carbon Transit Operations Program (LCTOP) and SB1 Local Partnership Program (LPP) funds.

As the RTPA, the RTC is also responsible for developing both the state-mandated *Regional Transportation Plan (RTP)* and *Regional Transportation Improvement Program (RTIP)*. The RTC is required to meet numerous other state and federal requirements, to develop a variety of transportation system plans and to help ensure a more efficient, effective, and resilient transportation system for the Santa Cruz County community.

The RTP is a long-range transportation planning document which identifies the region's goals, needs and potential funding sources over a 20+ year period. The RTP is updated every 4-5 years. The 2045 RTP was adopted by the RTC in June 2022. The RTP includes sustainability targets and an evaluation of the transportation plan's ability to meet the targets. Project and funding information in the RTP is consistent with the California Transportation Commission's (CTC) RTP Guidelines for RTPAs and the SB

375-mandated Sustainable Communities Strategy prepared by the region's Metropolitan Planning Organization (MPO), the Association of Monterey Bay Area Governments (AMBAG).

As certain state and federal funding becomes available, the RTC selects specific transportation projects to receive funds and lists those selected projects in the Regional Transportation Improvement Program (RTIP), which covers a 5-year period.

The 2024 RTIP, adopted by the RTC in December 2023 and updated every other year, included new and carryover transit, rail, local road, highway, bicycle, and pedestrian projects approved to receive the region's formula shares of projected STIP, RSTPX, SB125 transit, and LPP funds. RSTPX funds and funds programmed for projects being implemented or sponsored by the RTC are also included in the RTC's annual budgets for the year in which expenditures are expected.

The RTC contributed and/or secured state and federal funds for the following projects which were under development or were implemented in FY 2024-25:

- CAP 17: Upper Village Parking Lot Sidewalk Improvement Project, final construction
- CAP 21: Kennedy Avenue Sidewalk & Bike Lane, construction
- CO 64: Aptos Village Plan Improvements, final construction
- CO 83: Hwy 17 to Soquel Corridor, resurfacing and construction
- CO 84: Highway 152/Holohan Road construction
- CO 89: Soquel Dr Buffered Bike Lane and Congestion Mitigation Project, design and construction
- CO 90: Emergency Routes Resurfacing (Alba, Jamison Creek, and Empire Grade Roads), construction
- CO 91: San Andreas Road Resurfacing, final design and construction
- CO 93: Holohan Road Resurfacing, final design and construction
- CO 94: Airport Boulevard and Green Valley Road Resurfacing, construction
- CT 34: Hwy 1 Scott Creek Coastal Resiliency, project development
- EA 02: BikeSmart & WalkSmart, Ecology Action
- RTC 38: GO Santa Cruz County Bicycle Incentives Program
- RTC 24: Hwy 1 Auxiliary Lanes & Bus on Shoulders and bicycle/pedestrian bridges: pre-construction design, environmental review, and right-of-way
- SC 54: Bay Corridor Design

- SV 31: Bean Creek Road Rehabilitation, construction
- SV 33: Granite Creek Rd Overcrossing Repaving and Bike/Ped Upgrades, design
- TRL 5: MBSST/Coastal Rail Trail Segment 5, North Coast Santa Cruz County, construction
- TRL 7b: Monterey Bay Scenic Sanctuary Trail (MBSST)/Coastal Rail Trail Segment 7 Phase 2, construction
- TRL 8-9, TRL 10-11, RTC 24g: MBSST /Coastal Rail Trail Segments 8-12, environmental review and design
- VAR 02: Project PASEO Earn-a-Bike, Bike Santa Cruz County
- WAT 48: Green Valley Road Rehabilitation, construction

SAFE and 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 next section), is also funded in part through the SAFE budget.

Cruz511 and Alternatives to Driving Alone

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 CO2 emissions and the burning of over 6.7 million calories. The CO2 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.

Highway 1 Projects

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.

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

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.

Highway 1 – Freedom to State Park Auxiliary Lanes & BOS Project

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.

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.

Zero Emission Passenger Rail & Trail Project

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

Climate Adaptation Vulnerability Assessment

As climate change-accelerated natural hazards become more frequent and intense, populations already considered vulnerable are at heightened risk, even when facing the same type of disaster as their neighbors. Recognizing this unequal distribution of risk, the Santa Cruz County Climate Adaptation and Vulnerability Assessment (CAVA) was structured to not only examine how hazards affect different areas of the county, but also to consider their unique impacts on each community and transportation asset. The analysis for the CAVA was structured in alignment with the Caltrans adaptation framework, shown in the figure below. The CAVA completes Step 1 of this framework. The RTC Climate Adaptation Vulnerability Assessment was accepted by the Commission at their February 2025 meeting.



The CAVA includes considerations of multiple climate change-intensified natural hazards and focuses on the County-maintained road network and the Santa Cruz Branch Rail Line (SCBRL).

Monterey Bay Sanctuary Scenic Trail Network-Coastal Rail Trail

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 Highway 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.

1. **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

2. **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.

3. **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.



4. **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.
5. **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.
6. **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.
7. **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.

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

State Route 9 San Lorenzo Valley (SLV) Complete Streets

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, and 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 Valley 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.



Rural Highways Safety Plan

The Santa Cruz County Rural Highways Safety Plan (RHSP) provides a comprehensive, data-driven framework to reduce and ultimately eliminate killed and severe injury (KSIs) crashes on rural state highways in unincorporated Santa Cruz County. The RHSP focuses on six undivided state highways that serve a wide range of functions, from rural main streets and community connectors to more mountainous or agricultural corridors. These highways play a critical role in daily travel, goods movement, and access to schools, jobs, recreation, and essential services. They also experience a high share of crashes resulting in KSI outcomes and include roadway conditions associated with elevated potential crash risk. The RHSP is intended to guide coordinated safety investments, project development, and funding decisions by the Santa Cruz County Regional Transportation Commission (RTC), Caltrans, and local partners over time.

In addition to serving as a long-range safety roadmap, the RHSP, alongside the County's Safety Action Plan, helps the county meet key state and federal safety planning requirements and positions the RTC and its partners to pursue implementation funding, including eligibility for federal Safe Streets

and Roads for All (SS4A) grants.

During Fiscal Year 2024-25, the RHSP project team took the effort through the first two of its three project outreach Milestones:

Milestone 1 engagement (Fall 2024) focused on existing conditions and perceived safety concerns.

Milestone 2 engagement (Spring/Summer 2025) focused on reviewing crash profiles, potential countermeasures, and priority locations. The project team also completed the analysis of existing conditions and a transportation needs assessment.

Milestone 3: Rural Highways Safety Plan project report and approval will be completed in FY25/26.

3. FINANCIAL STATEMENTS

The Basic Financial Statements consist of RTC Wide Financial Statements (Governmental funds only), Funds Financial Statements (Governmental and Fiduciary funds) and Notes to Financial Statements.

A. RTC Wide Financial Statements

The RTC-wide statements (Statement of Net Position and the Statement of Activities) are on the full accrual basis of accounting; and consistent with Government Accounting Standards Board (GASB) Statement No. 34. The fixed assets are capitalized, depreciated, and reported net of accumulated depreciation on the Statement of Net Position (balance sheet). In addition, the expenses are recognized for accrued vacation and sick leaves (compensated absences), and the related outstanding balance is reflected in the liability section. In accordance with GASB Statement No. 75, the RTC Wide Financial Statements include the expenses and liabilities associated with Other Post-Employment Benefits (OPEB) as discussed in Note 10 of the report. The RTC adheres to GASB Statement No. 68 which requires the measurement and reporting of the pension liability; and pension is discussed in detail in Note 8 starting on page 55. OPEB is discussed beginning on Page 59. Pension and OPEB liabilities continue to affect Net Position.

B. Fund Financial Statements

The RTC had sixteen funds in FY 2024-25. There are eight governmental funds (pages 34 – 35) and eight fiduciary funds (pages 42 – 43).

The RTC uses the following fund balance classifications, which are in line with GASB Statement No. 54, Fund Balance Reporting and Governmental

Fund Type Definitions:

1. Nonspendable Fund Balance
2. Restricted Fund Balance
3. Committed Fund Balance
4. Assigned Fund Balance
5. Unassigned Fund Balance (for the Administration and Planning Fund only or Funds with a negative fund balance)

Not all fund balance classifications may be present in any one reporting year, and the current financial statements have two: Restricted and Unassigned.

4. FINANCIAL HIGHLIGHTS

FY 2024-25 is another year of major accomplishment, which included continuing construction of the Highway 1 Bay/Porter to State Park Auxiliary Lane project, the continued implementation of Go Santa Cruz County, a web-based commuter management and rewards platform, continued coordination with Caltrans to implement priorities from the Highway 9/San Lorenzo Valley (SLV) Complete Streets Corridor Plan, and recommendations from the SLV Schools Access Study, and implementing segments of the Monterey Bay Sanctuary Scenic Trail (MBSST) Network.

The implementation of Government Accounting Standards Board Statement No. 75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and GASB Statement No. 68 Accounting and Financial Reporting for Pensions continue to have significant negative impacts on the Net Position of Government wide financial statements.

Governmental Activities

Net Position

The Net Position is down \$1,584,408 to \$14,878,377 from the restated beginning balance of \$16,462,785 in FY 2024. The combined fund balance is a deficit of \$2,748,022 (pages 34–35), primarily reflecting the prior-period write-off of anticipated FEMA reimbursements and expenditures exceeding revenues. Unrestricted Net Position was a deficit of \$8,593,067 (page 31), reflecting these factors as well as pension, OPEB, and compensated absence liabilities. The ability to meet these long-term obligations depends mostly on the benefit plans offered and/or the funding strategies. The RTC has been making additional payments above normal costs and the minimum required payment for the Unfunded Actuarial Liability. The table below shows OPEB (\$1,688,835), Compensated Absence (\$455,216), and Net Pension Liability (\$1,719,466) affect Unrestricted Net Position (page 31; Note 7, page 55). In

2022, the RTC established two Section 115 Trusts with CalPERS. The additional discretionary payments have reduced the pension and OPEB unfunded accrued liabilities.

In FY 2024-25, employer pension contributions were \$292,311 and employer OPEB contributions were \$418,457 to reduce the OPEB.

UNRESTRICTED NET POSITION DEFICIT ANALYSIS		
	FY 2025	FY 2024
Current Assets (Cash & Receivables)*	\$ 9,545,531	\$ 15,237,661
Less:		
Restricted Fund Balance**	(2,289,371)	(1,461,948)
Current Liabilities (Net of D/T Other Funds)*	(12,293,553)	(11,935,541)
Unassigned Fund Balance**	\$ (5,037,393)	\$ 1,840,172
Less pension, OPEB, and compensated absences***	\$ (3,863,517)	\$ (4,054,067)
Add:		
Prepays and deposits		22,315
Net Deferred Outflows & Inflows***	307,843	708,069
Unrestricted Net Position	\$ (8,593,067)	\$ (1,483,511)
* Statement of Net Position page 31 - Governmental Fund Balance - pages 34-35		
** <i>Governmental Fund Balance</i> - pages 34-35		
*** <i>Statement of Net Position</i> – page 31 or <i>Note 7, Long-term Liabilities</i> on page 55		

Cash, Receivables, and Payables

Cash and investments show a decrease of \$1,916,907 to \$4,608,182 from \$6,525,089 (pages 34-35). Governmental fund current assets were \$9,545,531 against liabilities of \$12,293,553, a ratio of .78x. The current liabilities net increase of \$319,725 is mostly due to the increase in accounts payable liability of \$525,056, partly offset by Unearned Revenue (\$205,331).

Capital Assets

Net fixed assets totaled \$21,267,625 in FY 2025. The net depreciable fixed assets increased by \$8,125 to \$390,872, the increase is due to equipment acquisition less depreciation (Page 55).

Other Balance Sheet Highlights

- Unearned Revenue decreased by \$205,331 to \$16,262. The Unearned Revenue balance in FY 2025 is entirely in the Rail/Trail Authority Fund (pages 34–35).

Condensed Balance Sheet of Governmental Funds			
	June 30, 2025	June 30, 2024	Change (including restatement)
Cash	\$ 4,608,182	\$ 6,525,089	\$ (1,916,907)
Accounts Receivable and Due From	4,937,349	8,761,725	(3,824,376)
Prepaid Items		11,449	(11,449)
Total Assets	\$ 9,545,531	\$ 15,298,263	\$ (5,752,732)
Accounts Payable and Due To	12,277,291	11,752,235	525,056
Unearned Revenue	16,262	221,593	(205,331)
Total Liabilities	12,293,553	11,973,828	319,725
Total Fund Balances	(2,748,022)	3,324,435	(6,072,457)
Total Liabilities and Fund Balances	\$ 9,545,531	\$ 15,298,263	\$ (5,752,732)

Revenues

The combined governmental funds revenues are up \$1,165,891 to \$27,277,108. The table below is a year-to-year revenue comparison:

Revenues Comparison			
	June 30, 2025	June 30, 2024	Change
RSTPX	\$ 51,173	\$ 325,427	\$ (274,254)
TIRCP	940,666	934,414	6,252
Local Transportation Fund (TDA)	2,216,399	1,578,472	637,927
Measure D	19,768,295	20,595,483	(827,188)
CA Dept of Transp Grant - SB1	72,491	141,738	(69,247)
RPA (Admin & Planning)	77,160	292,206	(215,046)
Sust Transp Grant WCB	59,201	-	59,201
Sust Transp Grant CDFW	10,621	-	10,621
FEMA	-	-	-
Motor Vehicle Fees	299,473	249,048	50,425
Aid From Other Governments	40,100	47,332	(7,232)
STIP	173,414	640,622	(467,208)
SCCP	-	263,989	(263,989)
Local Partnership Program & SHA	232,397	284,025	(51,628)
Caltrans Grant (FSP)	84,911	163,871	(78,960)
Land Trust	2,630,000	-	2,630,000
Interest, Lease, & Other	620,807	594,590	26,217
	\$ 27,277,108	\$ 26,111,217	\$ 1,165,891

The Commission's two largest funding sources are State (6.2%) and Local (91.5%). The local revenues (\$24,954,267) consist of TDA funds (\$2,216,399); Motor Vehicle fees (\$299,473); Aid from Other Governments (\$40,100); Land Trust (\$2,630,000); and Measure D (\$19,768,295). Federal revenues totaled \$233,184, and Interest and Other revenues totaled \$620,807 (pages 38–39).

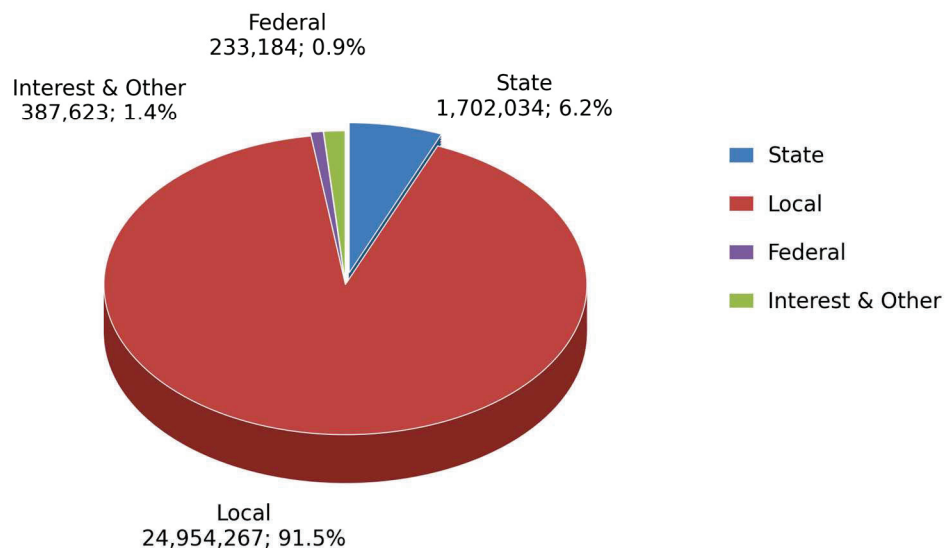
The funding sources comparative table and the graph (Figure 1) are presented below:

Table Funding by Source				
	FY 2025		FY 2024	
Local	\$ 24,954,267	91.5%	\$ 22,649,020	86.7%
State	1,702,034	6.2%	3,046,337	11.7%
Federal	233,184	0.9%	-	0.0%
Interest & Others	387,623	1.4%	415,860	1.6%
	<u>\$ 27,277,108</u>		<u>\$ 26,111,217</u>	

Figure 1

FY 2025 Funding by Source

FY 2025 Revenues by Funding Source



Expenditures

- The expenditures are up \$1,548,647 to \$28,661,136; and major expenditures were for payroll (\$4,280,475); Services and Supplies (\$23,173,100) in various funds, and Towing Service for FSP (\$384,514).
- Payroll costs (\$4,280,475) are down 3.6%.
- Overall, total expenditures were within final fund budgets.

Fiduciary Funds

- With the addition of the two SB125 trust funds, there are eight fiduciary funds.
- The combined cash balance remains high and has increased \$10,873,598 (+23.0%) to \$58,187,247. Measure D cash and investments totaled \$29,152,237.
- The unclaimed allocations by funding sources and claimants are presented below:

UNCLAIMED TDA AND STP EXCHANGE ALLOCATIONS FY 2025 ENDING June 30, 2025

	Total	TDA	RSTPX
County of Santa Cruz	\$ 15,967,478	\$ 1,020,778	\$ 14,946,700
City of Capitola	1,198,624	1,624	1,197,000
City of Santa Cruz	2,880,538	713,302	2,167,236
City Scotts Valley	2,111,341	158,572	1,952,769
City of Watsonville	4,225,302	840,462	3,384,840
SCCRTC	1,029,911	-	1,029,911
Total Allocated	\$ 27,413,194	\$ 2,734,738	\$ 24,678,456

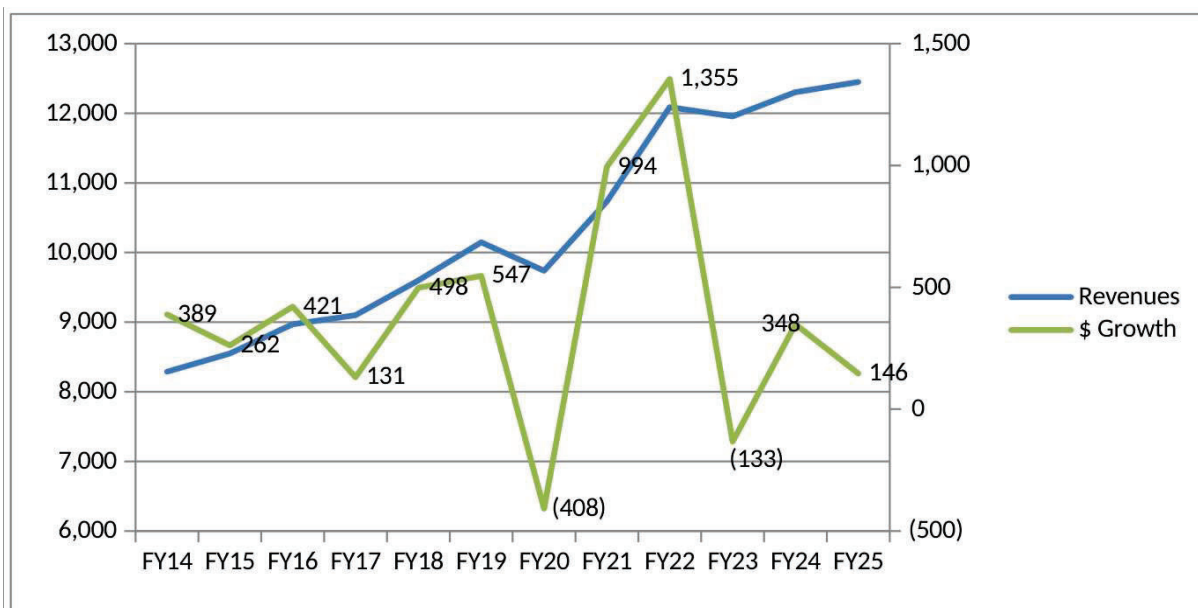
- The Net Position decreased by \$2,485,701 (4.9%) to \$48,590,823 due to an increase in Measure D expenditures (pages 44-45).
- The State Transit Assistance (\$4,777,075) sales tax revenues decreased 18.3%.
- The statements show a decrease in TDA of \$5,323 (0.04%) to \$12,365,396 from \$12,370,719 in FY 2024.

- The TDA performance in the last twelve fiscal years based on cash receipts is shown on the following table and graph:

The TDA cash receipts performance over the last Twelve years

Fiscal Year	Actual Receipts	(Change)	
2013-14	\$ 8,287,590	\$ -	
2014-15	8,549,340	261,750	3.2%
2015-16	8,970,056	420,716	4.9%
2016-17	9,101,315	131,259	1.5%
2017-18	9,599,732	498,417	5.5%
2018-19	10,147,019	547,287	5.7%
2019-20	9,738,939	(408,080)	-4.0%
2020-21	10,733,415	994,476	10.2%
2021-22	12,088,658	1,355,243	12.6%
2022-23	11,955,278	(133,380)	-1.1%
2023-24	12,303,725	348,447	2.9%
2024-25	12,449,684	145,959	1.2%

Figure 2
TDA Annual Revenues and Changes – Last Twelve (12) Years
FY 2014 – FY 2025 (\$ in 000)



The graph is based on actual monthly receipts during the fiscal year, which goes from July to June, therefore these receipts may not agree to the audited TDA revenues, which include July and August receipts of the following fiscal year.

The SCMTD receives 85.5% of all TDA allocated funds after the RTC share; and 93.8% of the PUC Section 99313 STA funds with the remaining 6.2% apportioned to Community Bridges Lift Line. The expenditure levels in the fiduciary funds are dependent on revenue fluctuations, the allocations, and the claims for disbursement.

5. CURRENT FINANCIAL ISSUES AND CONCERNS

Management has been able to control the discretionary expenses; however, continuing to secure new revenue sources to meet existing and increasing transportation needs continued to be a priority in FY 2024-25 and into the future. In November 2016, Santa Cruz County voters approved Measure D, a comprehensive transportation sales tax measure which helps to address some of the backlog of local road, highway, and transit shortfalls, as well as leverage grants and fund priority transportation projects. The California legislature's approval of Senate Bill 1 in April 2017 and federal approval of the Infrastructure Investment and Jobs Act (IIJA) in FY 2021-22 provided an increase and a degree of stability to transportation funding. Nonetheless these new fund sources have still not provided sufficient funds to meet all of the transportation priorities and needs identified by the public and project sponsors. The 2045 Regional Transportation Plan (RTP) identifies a funding gap of nearly \$5 billion. Part of what exacerbates the funding gap is the fact that construction costs have increased significantly and continue to increase, and some projects have received fewer bids than in years past, which results in less competition and unfavorable bid values, that strain local resources. Therefore, the RTC continues to work with agencies throughout the county and state to leverage local funds to increase transportation funding and use existing funds efficiently.

Major RTC projects currently under development for which existing funding is insufficient to fully fund include the Highway 1 Corridor Investment program, the Monterey Bay Sanctuary Scenic Trail (MBSST) Network/Coastal Rail Trail projects and maintenance, and rail corridor projects. Scoping project grant applications to be multi-modal has proved to be a successful strategy in securing competitive grants. The RTC partnered with the County of Santa Cruz and Santa Cruz METRO to not only build auxiliary lanes on Highway 1 between Soquel Drive and State Park Drive but also implement Bus on Shoulders on the highway and make bicycle, pedestrian and transit improvements along Soquel Drive. In December 2021, the RTC and its partners secured \$107.2 million from the State for these projects which

continued to be implemented in FY 2024-25. Measure D funds were used to leverage this state grant. During FY 2024-25, the RTC again worked with Caltrans, the County of Santa Cruz, the City of Santa Cruz and Santa Cruz METRO to prepare applications for state and federal funds for priority regional projects.

Throughout FY 2024-25, the RTC continued to implement the voter-approved investment plan for the Measure D sales tax measure and updated the long-range Measure D Strategic Implementation Plan (SIP), updating the cash flow model and review options to advance delivery of projects with the use of financing. Measure D is estimated to raise approximately \$27 million per year (in 2025 dollars) over 30 years. The expenditure plan included in Measure D includes Neighborhood Projects such as local streets and roads, safety, bicycle and pedestrian, and school safety projects; Community Projects such as transit and paratransit projects; and Regional Projects such as Highways, Rail Trail and other transportation improvements on the rail corridor.

With the RTC purchase of the Santa Cruz Branch Rail Line and an agreement with a short line railroad operator, freight service continues, and recreational passenger rail service was implemented. Unfortunately, the 2017 and 2022-2023 winter storms caused significant damage to portions of the rail line right-of-way. The 2017 storm damage repair work was completed in FY 2022-23. However, from late December 2022 through March 2023, several severe storms again damaged the rail line in multiple locations. Work commenced in early winter 2023 to repair the damage and to remove storm debris, with work to repair damages still ongoing at some locations. The 2017 and 2022-2023 storm damages were caused by federally declared major disasters and are considered eligible for Federal Emergency Management Agency (FEMA) reimbursement. The RTC continues to work with FEMA and the California Office of Emergency Services (Cal OES) to obtain maximum eligible reimbursement for the storm damage repair work. If full reimbursement from FEMA is not received, RTC will need to use other funding to pay for the repairs. Measure D-Rail funding and revenue generated from the SCBRL property are eligible fund sources to backfill any repair work not reimbursed by FEMA.

Future liabilities associated with retirement and other post-employment benefits (OPEB) continue to impact the RTC's net position. For several years, the RTC has been making additional payments to CalPERS to address the future liability associated with retirement benefits and recently established

Section 115 trust funds with CalPERS to address the OPEB and retirement liabilities. In FY 2024-25, the RTC continued to make contributions to the Section 115 trust funds.

Questions concerning this financial report or requests for additional financial information should be directed to the Finance and Budget Officer, Santa Cruz County Regional Transportation commission, 1101 Pacific Avenue, Suite 250, Santa Cruz, CA 95060.

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION**STATEMENT OF NET POSITION**June 30, 2025

	Governmental Activities
	<u> </u>
ASSETS	
Cash and investments	\$ 4,608,182
Receivables	4,937,349
Right to use assets, net	440,033
Capital assets:	
Nondepreciable	20,876,753
Depreciable, net	<u>390,872</u>
 Total assets	 <u>31,253,189</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension related	952,803
OPEB related	<u>219,883</u>
 Total deferred outflows of resources	 <u>1,172,686</u>
 LIABILITIES	
Accounts payable	12,203,395
Accrued salaries	73,896
Unearned revenue	16,262
Current portion of compensated absences	113,804
Current portion of lease payable	111,609
Noncurrent liabilities:	
Compensated absences	341,412
Lease payable	413,976
Net pension liability	1,719,466
OPEB liability	<u>1,688,835</u>
 Total liabilities	 <u>16,682,655</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension related	27,244
OPEB related	<u>837,599</u>
 Total deferred inflows of resources	 <u>864,843</u>
 NET POSITION	
Net investment in capital assets	21,182,073
Restricted for programs	2,289,371
Unrestricted	<u>(8,593,067)</u>
 Total net position	 <u><u>\$ 14,878,377</u></u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
				Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Transportation	\$ 28,861,516	\$ -	\$ 26,656,301	\$ -
Total governmental activities	<u>\$ 28,861,516</u>	<u>\$ -</u>	<u>\$ 26,656,301</u>	<u>\$ -</u>
General Revenues				
Investment income				291,190
Other				<u>329,617</u>
Total general revenues				<u>620,807</u>
Change in net position				<u>(1,584,408)</u>
Net position - beginning of fiscal year				21,151,214
Restatement				<u>(4,688,429)</u>
Net position - beginning of fiscal year, restated				<u>16,462,785</u>
Net position - end of fiscal year				<u>\$ 14,878,377</u>

The accompanying notes are an integral part of this statement.

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2025

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund	Freeway Service Patrol Fund
ASSETS				
Cash and investments	\$ 489,789	\$ 1,299,767	\$ 556,259	\$ 85,083
Accounts receivable	1,851,310			
Due from other agencies	622,116	611,204	49,573	
Due from fiduciary funds	239	350,909		
	<u>239</u>	<u>350,909</u>		
Total assets	<u>\$ 2,963,454</u>	<u>\$ 2,261,880</u>	<u>\$ 605,832</u>	<u>\$ 85,083</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,664,145	\$ 767,805	\$ 82,826	\$ 112,483
Accrued payroll	73,896			
Unearned revenue		16,262		
Due to fiduciary funds	7,793	6,036,848		502
	<u>7,793</u>	<u>6,036,848</u>		<u>502</u>
Total liabilities	<u>1,745,834</u>	<u>6,820,915</u>	<u>82,826</u>	<u>112,985</u>
Fund Balances:				
Restricted:				
Transportation planning			523,006	
Unassigned	1,217,620	(4,559,035)		(27,902)
	<u>1,217,620</u>	<u>(4,559,035)</u>		<u>(27,902)</u>
Total fund balances	<u>1,217,620</u>	<u>(4,559,035)</u>	<u>523,006</u>	<u>(27,902)</u>
Total liabilities and fund balances	<u>\$ 2,963,454</u>	<u>\$ 2,261,880</u>	<u>\$ 605,832</u>	<u>\$ 85,083</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
June 30, 2025

	Highway 1 Program Fund	Highway 1 Auxiliary Lanes Fund	Cruz 511 Fund	Active Transportation MBSST Fund	Totals
ASSETS					
Cash and investments	\$ 486	\$ 1,387,307	\$ 535,868	\$ 253,623	\$ 4,608,182
Accounts receivable					1,851,310
Due from other agencies					1,282,893
Due from fiduciary funds		1,231,673		220,325	1,803,146
Total assets	<u>\$ 486</u>	<u>\$ 2,618,980</u>	<u>\$ 535,868</u>	<u>\$ 473,948</u>	<u>\$ 9,545,531</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,227,135	\$ 135,395	\$ 2,103,645	\$ 6,093,434
Accrued payroll					73,896
Unearned revenue					16,262
Due to fiduciary funds		25,415	1,024	38,379	6,109,961
Total liabilities		<u>1,252,550</u>	<u>136,419</u>	<u>2,142,024</u>	<u>12,293,553</u>
Fund Balances:					
Restricted:					
Transportation planning	486	1,366,430	399,449		2,289,371
Unassigned				(1,668,076)	(5,037,393)
Total fund balances	<u>486</u>	<u>1,366,430</u>	<u>399,449</u>	<u>(1,668,076)</u>	<u>(2,748,022)</u>
Total liabilities and fund balances	<u>\$ 486</u>	<u>\$ 2,618,980</u>	<u>\$ 535,868</u>	<u>\$ 473,948</u>	<u>\$ 9,545,531</u>

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025

Total Fund Balances - Governmental Funds \$ (2,748,022)

Amounts reported for governmental activities in the statement of net position are different because:

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital and right to use assets and accumulated depreciation and amortization

Capital assets at historical cost	\$ 21,499,811	
Accumulated depreciation	(232,186)	
Right to use assets	836,925	
Accumulated amortization	<u>(396,892)</u>	
Net		21,707,658

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Compensated absences	\$ 455,216	
Lease payable	525,585	
OPEB liability	1,688,835	
Net pension liability	<u>1,719,466</u>	
Total		(4,389,102)

Deferred outflows and inflows of resources: In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources are reported.

Deferred inflows of resources relating to pensions	\$ (27,244)	
Deferred inflows of resources relating to OPEB	(837,599)	
Deferred outflows of resources relating to pensions	952,803	
Deferred outflows of resources relating to OPEB	<u>219,883</u>	
		307,843

Total Net Position - Governmental Activities \$ 14,878,377

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2025

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund	Freeway Service Patrol Fund
Revenues				
Local Transportation Funds	\$ 2,216,399	\$ -	\$ -	\$ -
Motor Vehicle Fees			299,473	
California Department of Transportation Grant - SB1				72,491
RSTP Exchange Funds	7,519			
State Planning, Programming and Monitoring Funds	(31,471)			
Caltrans Grant (FSP)				84,911
State Rural Planning Assistance TIRCP	77,160	940,666		
RTPA State Grant	59,201			
Climate Adaptation Grant - ZEPRT	10,621			
SHA Grant	232,397			
Aid from Other Governments			40,100	
Land Trust				
Measure D	259,068	2,937,620	116,565	105,068
Use of Money and Property	77,177	113,515	44,337	2,374
Other	306,123	23,494		
	<u>3,214,194</u>	<u>4,015,295</u>	<u>500,475</u>	<u>264,844</u>
Total revenues				
Expenditures				
Salaries and Benefits	2,334,124	637,111	166,748	72,331
Services and Supplies	1,345,473	2,550,043	364,555	7,096
Bike to Work	45,704			
SHA Climate Adaptation Grant	76,805			
Safe Routes to School	8,114			
Towing Service				384,514
FTA Equity Action Grant	33,507			
Coastal Resiliency Plan	17,381			
SCC North Coast TDM Plan	86,302			
RTP - AMBAG	37,500			
TNC Access for All	25,896			
SCC Rural Highway Safety Plan	284,196			
Highway 17 Wildlife Crossing	277			
Other	31,660			
Capital Outlay	53,510			
Debt Service:				
Principal on financed lease	104,708			
Interest on financed lease	17,487			
	<u>4,502,644</u>	<u>3,187,154</u>	<u>531,303</u>	<u>463,941</u>
Total expenditures				
Excess of revenues over (under) expenditures	<u>(1,288,450)</u>	<u>828,141</u>	<u>(30,828)</u>	<u>(199,097)</u>
Fund balances - July 1	<u>2,479,751</u>	<u>(617,264)</u>	<u>553,834</u>	<u>116,031</u>
Restatements	26,319	(4,769,912)		55,164
Fund balances - July 1, restated	<u>2,506,070</u>	<u>(5,387,176)</u>	<u>553,834</u>	<u>171,195</u>
Fund balances - June 30	<u>\$ 1,217,620</u>	<u>\$ (4,559,035)</u>	<u>\$ 523,006</u>	<u>\$ (27,902)</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
For the Fiscal Year Ended June 30, 2025

	Highway 1 Program Fund	Highway 1 Auxiliary Lanes Fund	Cruz 511 Fund	Active Transportation MBSST Fund	Totals
Revenues					
Local Transportation Funds	\$ -	\$ -	\$ -	\$ -	\$ 2,216,399
Motor Vehicle Fees					299,473
California Department of Transportation Grant - SB1					72,491
RSTP Exchange Funds				43,654	51,173
State Planning, Programming and Monitoring Funds		204,885			173,414
Caltrans Grant (FSP)					84,911
State Rural Planning Assistance					77,160
TIRCP					940,666
RTPA State Grant					59,201
Climate Adaptation Grant - ZEPRT					10,621
SHA Grant					232,397
Aid from Other Governments					40,100
Land Trust				2,630,000	2,630,000
Measure D		14,166,499	116,565	2,066,910	19,768,295
Use of Money and Property	20	27,924	21,784	4,059	291,190
Other					329,617
Total revenues	20	14,399,308	138,349	4,744,623	27,277,108
Expenditures					
Salaries and Benefits		305,442	82,957	681,762	4,280,475
Services and Supplies		13,044,975	130,021	5,730,937	23,173,100
Bike to Work					45,704
SHA Climate Adaptation Grant					76,805
Safe Routes to School					8,114
Towing Service					384,514
FTA Equity Action Grant					33,507
Coastal Resiliency Plan					17,381
SCC North Coast TDM Plan					86,302
RTP - AMBAG					37,500
TNC Access for All					25,896
SCC Rural Highway Safety Plan					284,196
Highway 17 Wildlife Crossing					277
Other					31,660
Capital Outlay					53,510
Debt Service:					
Principal on financed lease					104,708
Interest on financed lease					17,487
Total expenditures		13,350,417	212,978	6,412,699	28,661,136
Excess of revenues over (under) expenditures	20	1,048,891	(74,629)	(1,668,076)	(1,384,028)
Fund balances - July 1	466	317,539	474,078		3,324,435
Restatements					(4,688,429)
Fund balances - July 1, restated	466	317,539	474,078		(1,363,994)
Fund balances - June 30	\$ 486	\$ 1,366,430	\$ 399,449	\$ (1,668,076)	\$ (2,748,022)

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2025

Net Change in Fund Balances - Governmental Funds	\$	(1,384,028)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital assets of \$53,510 was more than depreciation expense of \$45,385 in the period.

8,125

Right to use assets are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over the length of the lease. This is the amount by which additions to right to use assets of \$0 is less than amortization expense of \$103,537.

(103,537)

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This fiscal year, vacation earned exceeded the amounts used by \$87,302.

(87,302)

The issuance of lease payable provides current financial resources to governmental funds, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items.

New lease liability issued	\$ -
Principal payments	<u>104,708</u>

104,708

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:

(448,389)

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual basis OPEB costs and actual employer contributions was:

326,015

Change in Net Position - Governmental Activities	\$	<u><u>(1,584,408)</u></u>
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The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2025

	Private Purpose Trust Funds			
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund	Measure D Fund
ASSETS				
Cash and investments	\$ 7,328,903	\$ 19,831	\$ 7,827,088	\$ 29,152,237
Accounts receivable	2,239,620			1,740,254
Due from SCCRTC			4,857,383	1,252,578
Due from other agencies		1,437,535		
Due from other funds				2,175,264
Total assets	<u>9,568,523</u>	<u>1,457,366</u>	<u>12,684,471</u>	<u>34,320,333</u>
LIABILITIES				
Accounts payable				3,576,626
Due to SCCRTC				1,803,146
Due to other funds	2,175,264			
Due to other agencies	<u>722,542</u>	<u>1,438,600</u>	<u>267,523</u>	
Total liabilities	<u>2,897,806</u>	<u>1,438,600</u>	<u>267,523</u>	<u>5,379,772</u>
NET POSITION				
Held in trust for other governments	<u>\$ 6,670,717</u>	<u>\$ 18,766</u>	<u>\$ 12,416,948</u>	<u>\$ 28,940,561</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS (CONTINUED)
June 30, 2025

	Private Purpose Trust Funds			Other Employee Benefits Trust Fund	
	Low Carbon Transit Operators Program Fund	TIRCP Fund	ZETCP Fund	Miscellaneous Deductions Fund	Totals
ASSETS					
Cash and investments	\$ 194,059	\$ 13,280,046	\$ 384,138	\$ 945	\$ 58,187,247
Accounts receivable					3,979,874
Due from SCCRTC					6,109,961
Due from other agencies					1,437,535
Due from other funds					2,175,264
Total assets	194,059	13,280,046	384,138	945	71,889,881
LIABILITIES					
Accounts payable				278	3,576,904
Due to SCCRTC					1,803,146
Due to other funds					2,175,264
Due to other agencies		12,968,218	346,861		15,743,744
Total liabilities		12,968,218	346,861	278	23,299,058
NET POSITION					
Held in trust for other governments	\$ 194,059	\$ 311,828	\$ 37,277	\$ 667	\$ 48,590,823

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust Funds			
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund	Measure D Fund
Additions:				
Sales tax	\$ 12,365,396	\$ 4,777,075	\$ -	\$ 27,599,097
Contributions from SCCRTC				
State of Good Repair (SB1)		902,365		
Transit and Intercity Rail Capital Program				
Zero-Emission Transit Capital Program				
Interest	197,865	17,647	371,509	1,307,696
Total additions	12,563,261	5,697,087	371,509	28,906,793
Deductions:				
Claimants:				
Santa Cruz Metropolitan Transit District	8,701,057	5,303,461		4,313,536
Santa Cruz County Regional				
Transportation Commission	1,594,283		7,519	17,794,383
City of Capitola	131,628		200,000	300,368
City of Santa Cruz	190,914		147,420	1,839,401
City of Scotts Valley				311,530
County of Santa Cruz	400,000			3,762,680
City of Watsonville				967,117
Community Bridges	663,927	373,795		1,073,906
Volunteer Center	101,767			
Salaries and benefits				1,857,457
Services and supplies				343,430
Total deductions	11,783,576	5,677,256	354,939	32,563,808
Change in net position	779,685	19,831	16,570	(3,657,015)
Net position - beginning of fiscal year	5,891,032		12,400,378	34,645,811
Restatements		(1,065)		(2,048,235)
Net position - beginning of fiscal year, restated	5,891,032	(1,065)	12,400,378	32,597,576
Net position - end of fiscal year	\$ 6,670,717	\$ 18,766	\$ 12,416,948	\$ 28,940,561

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust Funds			Other Employee Benefits Trust Fund	
	Low Carbon Transit Operators Program Fund	TIRCP Fund	ZETCP Fund	Miscellaneous Deductions Fund	Totals
Additions:					
Sales tax	\$ -	\$ -	\$ -	\$ -	\$ 44,741,568
Contributions from SCCRTC				225	225
State of Good Repair (SB1)					902,365
Transit and Intercity Rail Capital Program		7,705,571			7,705,571
Zero-Emission Transit Capital Program			2,303,107		2,303,107
Interest	5,898	311,828	37,277		2,249,720
Total additions	5,898	8,017,399	2,340,384	225	57,902,556
Deductions:					
Claimants:					
Santa Cruz Metropolitan Transit District		7,705,571	2,303,107		28,326,732
Santa Cruz County Regional Transportation Commission					19,396,185
City of Capitola					631,996
City of Santa Cruz					2,177,735
City of Scotts Valley					311,530
County of Santa Cruz					4,162,680
City of Watsonville					967,117
Community Bridges					2,111,628
Volunteer Center					101,767
Salaries and benefits					1,857,457
Services and supplies					343,430
Total deductions		7,705,571	2,303,107		60,388,257
Change in net position	5,898	311,828	37,277	225	(2,485,701)
Net position - beginning of fiscal year	188,161			517	53,125,899
Restatements				(75)	(2,049,375)
Net position - beginning of fiscal year, restated	188,161			442	51,076,524
Net position - end of fiscal year	\$ 194,059	\$ 311,828	\$ 37,277	\$ 667	\$ 48,590,823

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Santa Cruz County Regional Transportation Commission are prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below:

A. The Reporting Entity

The Santa Cruz County Regional Transportation Commission, the regional transportation planning agency for the County of Santa Cruz, was created pursuant to Title 3 of Government Code Section 29535. The Commission is responsible for transportation planning activities as well as for the administration of the Transportation Development Act Funds (Local Transportation and State Transit Assistance), Sales Tax Measure D, the Service Authority for Freeway Emergencies Fund (SAFE), the Freeway Service Patrol Fund (FSP), the Surface Transportation Program Exchange Fund (STP), Highway 1 Program Fund, the Highway 1 Auxiliary Lanes Fund, the Rail/Trail Authority Fund, the Cruz 511 Fund, the Active Transportation MBST Fund, the LCTOP Fund, the TIRCP Fund, and the ZETCP Fund. The Commission does not exercise control over any other governmental agency or authority. Criteria used in determining the reportable entity were based on control or dependence determined on the basis of budget adoption, funding, and appointment of the respective governing board.

The reporting entity is the Santa Cruz County Regional Transportation Commission. There are no component units included in this report which meet the criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61, No. 80, and No. 90.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Commission's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Commission, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Commission.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements:

Fund financial statements report detailed information about the Commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds presents increases, (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Commission, “available” means collectible within the current period or within 60 days after fiscal year-end.

Non-exchange transactions, in which the Commission receives value without directly giving equal value in return, include property taxes, and grants. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the Commission must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenues arise when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met, are recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The accounts of the Commission are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues, and expenditures/expenses. The Commission's resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Commission's accounts are organized into major and fiduciary funds, as follows:

Major Governmental Funds:

Administration and Planning – Transportation planning and administration of the Transportation Development Act.

Rail/Trail Authority – To account for financial activities of the Coastal Rail/Trail Project.

Service Authority for Freeway Emergencies – State funds for administration and operation of freeway call boxes and motorist aid.

Freeway Service Patrol – State funds for roadside assistance.

Highway 1 Program – Transportation planning and administration of the Highway 1 Projects.

Highway 1 Auxiliary Lanes – Transportation planning and administration for an additional lane on Highway 1.

Cruz 511 – To account for financial activities of the Cruz 511 program.

Active Transportation MBSST – To account for financial activities of Active Transportation planning.

Fiduciary Funds:

These funds account for assets held by the Commission as a trustee or agent for other units of government. The fiduciary funds used by the Commission are as follows:

Private Purpose Trust: These funds are utilized by the Commission, as trustee, to receive and allocate Local Transportation funds, State Transit Assistance funds, Surface Transportation Program Exchange funds, Low Carbon Transit Operators Program funds, SB 125 Transit and Intercity Rail Capital Program (TIRCP) Fund, SB 125 Zero-Emission Transit Capital Program (ZETCP) Fund, and the Measure D funds to eligible claimants.

Pension (and other Employee Benefits) Trusts: These funds are utilized by the Commission, as trustee, to receive employee contributions for employee benefit arrangements. The Commission has a fiduciary responsibility to administer the plans.

F. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the major funds. All annual appropriations lapse at fiscal year end.

G. Cash and Investments

The Commission 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 monthly cash balances. Information regarding categorization of investments can be found in the County of Santa Cruz's Basic Financial Statements. Investments are stated at fair value.

A payroll account is kept at the Santa Cruz County Bank for payment of state and federal taxes, health insurance, and other contributions and deductions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair value at the date of the contribution. Capital assets are defined by the Commission as assets with an initial, individual cost of at least \$1,500 and estimated useful life in excess of two years.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method in the governmental column in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the statement of net position. The estimated useful life is as follows:

Building	27.5 years
Furniture and Equipment	3 to 8 years
Leasehold Improvements	Lease term or 30 years

I. Unearned Revenue

Cash is received for federal and state special projects and programs and recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

J. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources.

K. Compensated Absences

All vacation pay, as well as sick leave for management, plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Commission reports compensated absences in compliance with GASB Statement No. 101.

L. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the Commission's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts which the Commission intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the Administration and Planning Fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Commission.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances (Continued)

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the Administration and Planning Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the Commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

M. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Santa Cruz County Regional Transportation Commission's Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Commission's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*," and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*," the Commission recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The Commission has two items which qualify for reporting in this category; refer to Note 8 and Note 10 for a detailed listing of the deferred outflows of resources the Commission has reported.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the Commission that is applicable to a future reporting period. The Commission has two items which qualify for reporting in this category; refer to Note 8 and 10 for a detailed listing of the deferred inflows of resources the Commission has reported.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Right to use assets

The Commission has recorded right to use lease assets as a result of implementing GASB Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

S. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 104	"Disclosure of Certain Capital Assets"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.
Statement No. 105	"Subsequent Events"	The provisions of this statement are effective for fiscal years beginning after June 15, 2026.

NOTE 2 – CASH AND INVESTMENTS

The Commission maintains most of its cash in the Santa Cruz County Treasurer's Investment Fund. The County Treasurer pools and invests the funds it oversees. All participants share investment gains or losses proportionately. Earned interest is apportioned monthly based on each participant's average daily deposit.

Investments are carried at fair value. On June 30, 2025, the Commission had the following cash and investments on hand:

Cash in bank and on hand	\$ 69,801
Cash and investments with the Santa Cruz County Treasurer's Investment Fund	<u>62,725,628</u>
Total cash and investments	<u>\$ 62,795,429</u>

Cash and investments are presented on the accompanying basic financial statements, as follows:

Cash and investments, statement of net position	\$ 4,608,182
Cash and investments, statement of fiduciary net position	<u>58,187,247</u>
Total cash and investments	<u>\$ 62,795,429</u>

The Commission categorizes its fair value measurements within the fair value hierarchy established by U.S. Generally Accepted Accounting Principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. 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 Commission did not have investments that are measured under Level 1, Level 2, or Level 3.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investments Authorized by the Commission's Investment Policy

The Commission's investment policy only authorizes investment in the local government investment pool administered by the County of Santa Cruz. The Commission's investment policy does not contain any specific provisions intended to limit the Commission's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by the table below that shows the distribution of the Commission's investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13 - 24 Months	25 - 60 Months	More than 60 months
Santa Cruz County Treasurer's Investment Fund	\$ 62,725,628	\$ 62,725,628	\$ -	\$ -	\$ -
Total	<u>\$ 62,725,628</u>	<u>\$ 62,725,628</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below, is the minimum rating required by the California Government Code and the Commission's investment policy, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Ratings as of fiscal year end		
				AAA	Aa	Not Rated
Santa Cruz County Treasurer's Investment Fund	\$ 62,725,628	N/A	\$ -	\$ -	\$ -	\$ 62,725,628
Total	<u>\$ 62,725,628</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,725,628</u>

Concentration of Credit Risk

The investment policy of the Commission contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of the total Commission's investments.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the Commission's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

None of the Commission's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as Santa Cruz County Treasurer's Investment Fund).

Investment in Santa Cruz County Treasurer's Investment Fund

The Commission is a participant in the Santa Cruz Treasurer's Investment Fund (County Pool) that is regulated by the California Government Code. The fair value of the Commission's investment in this pool is reported in the accompanying basic financial statements at the amounts based upon the Commission's pro-rata share of the fair value provided by the County Pool for the entire Santa Cruz County Treasurer's Investment Fund portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Pool, which are recorded on an amortized cost basis.

NOTE 3 – DUE FROM OTHER AGENCIES

Due from other agencies consists of the following at June 30, 2025:

Special Revenue Funds					
Agency	Administration and Planning Fund	Rail / Trail Authority Fund	Service Authority for Emergencies Fund	Freeway Service Patrol Fund	Highway 1 Program Fund
State grants (DOT)	\$ 305,093	\$ 597,298	\$ -	\$ -	\$ -
Federal grants (DOT)	317,023				
Other		13,906	49,573		
Totals	<u>\$ 622,116</u>	<u>\$ 611,204</u>	<u>\$ 49,573</u>	<u>\$ -</u>	<u>\$ -</u>
Special Revenue Funds (continued)			Fiduciary Funds		
Agency	Highway 1 Auxiliary Fund	Cruz 511 Fund	Active Transportation MBSST Fund	Local Transportation Fund	State Transit Assistance Fund
State grants (DOT)	\$ -	\$ -	\$ -	\$ -	\$ 1,437,535
Federal grants (DOT)					
Other					
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,437,535</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – DUE FROM OTHER AGENCIES (Continued)

Fiduciary Funds (continued)					
Agency	Surface Transportation Program Exchange Fund	Low Carbon Transit Operators Program Fund	Measure D Fund	TIRCP Fund	ZETCP Fund
State grants (DOT)	\$ -	\$ -	\$ -	\$ -	\$ -
Federal grants (DOT)					
Other					
Totals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – RIGHT TO USE ASSET

Right to use asset activity for the Commission for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Right to use assets				
Leased office	\$ 836,925	\$ -	\$ -	\$ 836,925
Total right to use assets	<u>836,925</u>			<u>836,925</u>
Less accumulated amortization for:				
Leased office	<u>293,355</u>	<u>103,537</u>		<u>396,892</u>
Total accumulated amortization	<u>293,355</u>	<u>103,537</u>		<u>396,892</u>
Right to use assets, net	<u>\$ 543,570</u>	<u>\$ (103,537)</u>	<u>\$ -</u>	<u>\$ 440,033</u>

NOTE 5 – LEASE PAYABLE

On August 23, 2021, the Commission agreed to new terms on an amendment to the office space lease agreement to extend the term to September 30, 2027. Rent is \$9,959 per month and increases by 3% on October 1st of each subsequent fiscal year. On April 9, 2024, the Commission agreed to new terms on an amendment to increase office space rented and extend the term of the lease to September 30, 2029. The lease liability is measured at a discount rate of 3%, which is the U.S. Treasury Bill rate. As a result of the lease, the Commission has recorded a right to use asset of \$836,925.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Fiscal Year Ending June 30	Principal Payments	Interest Payments	Total
2026	\$111,609	\$ 14,252	\$ 125,861
2027	118,832	10,805	129,637
2028	126,389	7,137	133,526
2029	134,294	3,238	137,532
2030	<u>34,461</u>	<u>174</u>	<u>34,635</u>
	<u>\$525,585</u>	<u>\$ 35,606</u>	<u>\$ 561,191</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities				
Nondepreciable capital assets				
Right of way	\$ 14,200,000	\$ -	\$ -	\$ 14,200,000
Land	1,028,342			1,028,342
Construction in progress	5,648,411			5,648,411
Total nondepreciable capital assets	<u>\$ 20,876,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,876,753</u>
Depreciable capital assets				
Equipment	\$ 310,634	\$ 53,510	\$ 29,263	\$ 334,881
Building	171,390			171,390
Leasehold improvements	116,787			116,787
Total depreciable capital assets	598,811	53,510	29,263	623,058
Less accumulated depreciation	(216,064)	(45,385)	(29,263)	(232,186)
Net depreciable capital assets	<u>\$ 382,747</u>	<u>\$ 8,125</u>	<u>\$ -</u>	<u>\$ 390,872</u>
Net capital assets	<u>\$ 21,259,500</u>	<u>\$ 8,125</u>	<u>\$ -</u>	<u>\$ 21,267,625</u>

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2025, is shown below:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due within One Year
Governmental activities					
Compensated absences	\$ 367,914	\$ 87,302	\$ -	\$ 455,216	\$ 113,804
Lease payable	630,293		104,708	525,585	111,609
OPEB liability	1,925,908		237,073	1,688,835	
Net pension liability	1,760,245		40,779	1,719,466	
Governmental activities					
Long-term liabilities	<u>\$ 4,684,360</u>	<u>\$ 87,302</u>	<u>\$ 382,560</u>	<u>\$ 4,389,102</u>	<u>\$ 225,413</u>

NOTE 8 – PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Commission's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Commission resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0 % @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	6.93%	7.75%
Required employer contribution rates	12.52% + \$145,601	7.87%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the Commission were \$292,311 for the fiscal year ended June 30, 2025.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2025, the Commission reported \$1,719,466 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The Commission's proportion of the net pension liability was based on a projection of the Commission's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2024, the Commission's proportion of the CalPERS's Miscellaneous Plan was 0.03555%, which increased by .00035% from June 30, 2023.

For the fiscal year ended June 30, 2025, the Commission recognized pension expense of \$740,700. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pension from the sources shown on the following page:

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 292,311	\$ -
Differences between expected and actual experience	148,664	5,801
Changes in assumptions	44,194	
Net difference between projected and actual earnings on retirement plan investments	98,988	
Adjustment due to differences in proportions	225,320	851
Difference in actual contributions and proportionate share of contributions	143,326	20,592
	<u>\$ 952,803</u>	<u>\$ 27,244</u>

\$292,311 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Fiscal Year Ending June 30	Amount
2026	\$ 292,162
2027	310,064
2028	64,943
2029	(33,921)
	<u>\$ 633,248</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
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
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

- (1) The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS' website.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90 percent will be applied to all plans in the Public Employees Retirement Fund including PERF C. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB No. 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all 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 was informed by the long-term projected portfolio return.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1- 10(a)(b)
Global Equity - cap-weighted	30.0%	4.54%
Global Equity -non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100.0%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90 percent) or 1 percentage point higher (7.90 percent) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
Commission's proportionate share of the net pension plan liability	\$3,653,968	\$ 1,719,466	\$ 127,087

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2025, the Commission had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2025.

NOTE 9 – NET POSITION

GASB Statement No. 63, requires that the difference between assets added to the deferred outflows of resources and liabilities be added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

The government-wide and fiduciary 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, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the Commission, not restricted for any project or other purpose.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

Plan administration – Integrated medical/prescription drug coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA). Employees may choose from a variety of HMO and PPO options. The Commission offers the same health plans to its retirees as its active employees, with the exception that once a retiree becomes eligible for Medicare, he or she must join a Medicare HMO or a Medicare Supplement plan under PEMHCA.

Benefits provided – Employees (SEIU and RAMM members) and executive directors become eligible to retire and receive monthly contributions from the Commission upon attainment of age 50 and five years of covered PERS service, or by qualifying disability retirement status. Benefits are paid for the lifetime of the retiree and, if applicable, the surviving spouse of the retiree if coverage is in effect at the time of the retiree's death. The Commission's retiree contribution is based on the CalPERS PEMHCA unequal method. The active caps are 95% of the Blue Shield Bay Area premium for single and 90% for dual and family. Currently, the retiree single cap is equal to the active single cap. The retiree dual and family caps shall increase annually by five percent of the current monthly employer contribution for employees, until such time that the employer contribution for retirees equals the employer contribution paid for retirees.

Employees Covered

As of the July 1, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the Commission's Plan:

Active plan members	21
Inactive employees or beneficiaries currently receiving benefits	<u>12</u>
Total	<u>33</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Contributions

The contribution requirements of Plan members and the Commission are established and amended by SCCRTC. Beginning on August 29, 2022, assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Net OPEB Liability

The Commission's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated July 1, 2023. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial assumptions. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	5.75%
Inflation	2.50%
Salary Increases	3.00%
Mortality Rate	Mortality rates from 2021 CalPERS Experience Study
Healthcare Trend Rate	5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% for 2070 and later year

Actuarial assumptions used in the July 1, 2023 valuation were based on a review of plan experience during the period July 1, 2021 to June 30, 2023.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	34.0%	4.80%
U.S. Fixed	41.0%	1.80%
TIPS	5.0%	1.60%
Real Estate	17.0%	3.70%
Commodities	3.0%	1.90%
Total	100.0%	

Change in assumptions. For the June 30, 2025 measurement date, the medical cost trend rate decreased from 5.50% to 5.25%.

Discount rate. GASB Statement No. 75 requires a discount rate that reflects the following:

- The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the Commission's net OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2024	June 30, 2024	3.97%	5.75%
June 30, 2025	June 30, 2025	5.20%	5.75%

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2024 (Valuation Date July 1, 2023)	\$ 2,273,267	\$ 347,359	\$ 1,925,908
Changes recognized for the measurement period:			
Service cost	98,234		98,234
Interest	132,656		132,656
Contributions - employer		418,457	(418,457)
Net investment income		49,889	(49,889)
Benefit payments	(130,712)	(130,712)	
Administrative expense		(383)	383
	100,178	337,251	(237,073)
Balance at June 30, 2025 (Measurement Date June 30, 2025)	\$ 2,373,445	\$ 684,610	\$ 1,688,835

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.75 percent) or 1 percentage-point higher (6.75 percent) than the current discount rate:

	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB Liability	\$ 2,009,540	\$ 1,688,835	\$ 1,422,817

Sensitivity of the net OPEB liability to changes in the healthcare trend rates. The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage-point lower (4.25 percent) or 1 percentage-point higher (6.25 percent) than the current healthcare cost trend rates:

	1% Decrease (4.25% Decreasing to 4.00%)	Healthcare Cost Trend Rate (5.25% Decreasing to 4.00%)	1% Increase (6.25% Decreasing to 4.00%)
Net OPEB Liability	\$ 1,343,085	\$ 1,688,835	\$ 2,124,107

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the Commission recognized OPEB expense of \$92,442. As of the fiscal year ended June 30, 2025, the Commission reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 75,520	\$ 2,170
Change in assumptions	144,363	809,896
Net difference between projected and actual earnings on retirement plan investments		25,533
	\$ 219,883	\$ 837,599

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

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

Fiscal Year Ending June 30,	Amount
2026	\$ (111,731)
2027	(134,836)
2028	(189,721)
2029	(97,161)
2030	(30,095)
Thereafter	(54,172)
	\$ (617,716)

NOTE 11 – SENATE BILL 1 – STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair program. This program provides funding of approximately \$105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects.

This program demonstrates California's commitment to clean, sustainable transportation, and the role that public transit plays in that vision. While SB 1 addresses a variety of transportation needs, this program has a specific goal of keeping transit systems in a state of good repair, including the purchase of new transit vehicles, and maintenance and rehabilitation of transit facilities and vehicles. These new investments will lead to cleaner transit vehicle fleets, increased reliability and safety, and reduced greenhouse gas emissions and other pollutants.

In the fiscal year ended June 30, 2025, the Santa Cruz County Regional Transportation Commission received \$902,365. The funding was distributed to the Santa Cruz Metropolitan Transit District.

NOTE 12 – DEFICIT FUND BALANCE

The following funds had negative fund balances at June 30, 2025:

Fund	
Major Fund:	
Rail/Trail Authority Fund	\$ (4,559,035)
Freeway Service Patrol Fund	(27,902)
Active Transportation MBSST Fund	(1,668,076)

The Rail/Trail Authority fund deficit primarily reflects the removal of previously recorded FEMA disaster recovery reimbursements that the Commission no longer expects to receive, as described in Notes 13 and 14. Management will evaluate the use of eligible Rail funding to address unreimbursed storm repair costs, subject to applicable funding restrictions and future Commission approval. The Freeway Service Patrol fund deficit reflects accumulated program expenditures exceeding recognized revenues and available fund balance. The fund balance was also restated to correct a prior-year overstatement of accounts payable. The Active Transportation MBSST fund deficit reflects project expenditures exceeding recognized revenues.

To address these deficits, management plans to reconcile outstanding reimbursements, pursue eligible funding sources and incorporate deficit reduction into future budgets. Management will monitor fund balances and adjust expenditures and funding allocations, subject to applicable funding restrictions and Commission approval, with the objective of restoring positive fund balances over time.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 – RISK MANAGEMENT AND CERTAIN RISK CONDITIONS

Risk Management

The Santa Cruz County Regional Transportation Commission (the Commission) is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; cyber incidents; and natural disasters. The Commission is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk-sharing joint powers authority created pursuant to California Government Code Section 6500 et seq. SDRMA provides risk financing and risk management services to California public agencies by pooling self-insured losses and purchasing excess insurance coverage. SDRMA is governed by a board of directors elected by its members.

The Commission participates in SDRMA's Property/Liability Package Program. For the year ended June 30, 2025, the Commission's contribution to the program was \$205,876. Property coverage was based on reported values of \$4,512,875, including contents. Coverage in effect at June 30, 2025 was as follows:

Coverage	Limit per Occurrence	Member Deductible
General liability, including employee benefits liability	\$10,000,000	\$25,000
Public officials and employees errors and omissions	\$10,000,000	\$25,000
Automobile liability, including non-owned automobiles	\$10,000,000	\$25,000
Employee and public officials dishonesty	\$1,000,000	\$10,000
Property, including boiler and machinery	\$1,000,000,000 Property/ \$100,000,000 Boiler and Machinery (shared program limits)	\$1,000
Pollution liability	\$2,000,000	\$250,000
Cyber liability	\$2,000,000 annual aggregate	\$50,000
Mobile and contractors equipment	Actual cash value; \$14,000 scheduled equipment value	\$1,000
Automobile physical damage (comprehensive and collision)	Lesser of actual cash value, stated value, or repair cost	\$500 comp; \$1,000 collision

The Commission also participates in SDRMA's Workers' Compensation Program, which provides statutory workers' compensation coverage and employer's liability coverage of \$5,000,000 annual aggregate shared by all SDRMA covered parties. The Commission's contribution to this program for the year ended June 30, 2025 was \$15,215.

The Commission requires St. Paul & Pacific Railroad, LLC, a subsidiary of Progressive Rail, Inc. and the operator of the Santa Cruz Branch Rail Line, to maintain railroad liability insurance of not less than \$25 million per occurrence and \$50 million in the aggregate, naming the Commission as an additional insured.

Settled claims have not exceeded insurance coverage in any of the past three fiscal years, and there were no significant reductions in insurance coverage from the prior year. Separate financial statements of SDRMA may be obtained from the Special District Risk Management Authority, 1112 I Street, Suite 300, Sacramento, California 95814.

Certain Risk Disclosures

Concentration of Revenue Sources – Sales Tax

For the year ended June 30, 2025, approximately 81% of the Commission's governmental activities revenues of \$27,277,108 were derived from sales-tax-based sources, consisting of Measure D transaction and use tax of \$19,768,295 and Local Transportation Fund revenue under the Transportation Development Act of \$2,216,399. In addition, the Commission administered \$44,741,568 of Measure D, Local Transportation Fund, and State Transit Assistance sales tax revenues in its fiduciary funds for allocation to claimants. These revenues depend on taxable sales within Santa Cruz County and the State and are sensitive to economic conditions.

Concentration of Funding Sources – Federal Disaster Recovery Reimbursements

The Commission has relied on reimbursements from the Federal Emergency Management Agency (FEMA) to fund the repair of damage to the Santa Cruz Branch Rail Line caused by the 2017 and 2022-2023 winter storms.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 – RISK MANAGEMENT AND CERTAIN RISK CONDITIONS (Continued)

Certain Risk Disclosures (Continued)

During the year ended June 30, 2025, the Commission determined that it no longer expects to receive FEMA disaster recovery reimbursements it had previously recorded. As described in Note 14, the Commission reduced the beginning fund balance of the Rail/Trail Authority Fund by \$4,769,912 and reduced the beginning net position of the Measure D Fund by \$2,048,235, which includes FEMA reimbursements no longer expected and prior-year distributions not previously recorded. At June 30, 2025, the Rail/Trail Authority Fund reported a deficit fund balance of (\$4,559,035), as described in Note 12. On December 5, 2024, the Commission reviewed storm damage repair expenditures and the status of FEMA and CalOES reimbursements. The funding approach presented to the Commission identifies Measure D Rail funds to cover unreimbursed costs, subject to future Commission programming action.

NOTE 14 – RESTATEMENTS

For the fiscal year ended June 30, 2025, there was a decrease of \$(4,688,429) to the government-wide statements and to the Statement of Revenues, Expenditures, and Changes in Fund Balances which consisted of an increase of \$26,319 in the Administration and Planning Fund due to overstatement of accounts payable in the prior fiscal year, a decrease of \$4,769,912 in the Rail/Trail Authority Fund to account for FEMA disaster recovery reimbursements the Commission no longer expect to get reimbursement for as originally expected, and an increase in the Freeway Service Patrol Fund of \$55,164 to correct overstatement of accounts payable in the prior fiscal year.

In the fiduciary fund Statement of Changes in Fiduciary Net Position, there was a restatement decrease of \$2,049,375 which consisted of a decrease in the net position of the State Transit Assistance Fund of \$1,065 and of the Miscellaneous Deductions Fund of \$75 to correct the accounts payable carryforward and a decrease in the Measure D Fund net position of \$2,048,235 to account for FEMA disaster recovery reimbursements that the Commission no longer expects to get reimbursed for and for distributions made in the prior fiscal year but not recorded until after the financial statements had been prepared.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
ADMINISTRATION AND PLANNING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Transportation Funds	\$ 1,594,283	\$ 1,594,283	\$ 2,216,399	\$ 622,116
RSTP Exchange	14,953	14,953	7,519	(7,434)
State Planning, Programming and Monitoring Funds	139,579	139,579	(31,471)	(171,050)
State Rural Planning Assistance	337,000	402,692	77,160	(325,532)
FTA	113,220	244,736		(244,736)
RMRA	202,000	143,728		(143,728)
FHWA	552,322	599,465		(599,465)
RTPA State Grant			59,201	59,201
Climate Adaptation Grant - ZEPRT			10,621	10,621
SHA Grant	1,166,161	2,616,826	232,397	(2,384,429)
Measure D	2,465,864	2,812,130	259,068	(2,553,062)
Use of money and property			77,177	77,177
Other		590,856	306,123	(284,733)
Total revenues	6,585,382	9,159,248	3,214,194	(5,945,054)
Expenditures				
Salaries and Benefits	2,381,038	2,551,946	2,334,124	217,822
Services and Supplies	1,192,851	2,000,070	1,345,473	654,597
Bike to Work	72,000	72,000	45,704	26,296
SHA Climate Adaptation Grant	156,000	156,000	76,805	79,195
Safe Routes to School	14,953	14,953	8,114	6,839
FTA Equity Action Grant	180,000	160,000	33,507	126,493
Coastal Resiliency Plan	943,000	40,000	17,381	22,619
SCC North Coast TDM Plan	323,200	350,530	86,302	264,228
RTP - AMBAG	30,000	30,000	37,500	(7,500)
TNC Access for All	114,103	111,507	25,896	85,611
SCC Rural Highway Safety Plan	264,000	278,519	284,196	(5,677)
Highway 17 Wildlife Crossing	1,250,000	1,349,324	277	1,349,047
Other	546,000	3,440,107	31,660	3,408,447
Capital Outlay	55,000	60,000	53,510	6,490
Debt Service:				
Principal on lease	104,708	104,708	104,708	
Interest on lease	17,487	17,487	17,487	
Total expenditures	7,644,340	10,737,151	4,502,644	6,234,507
Excess of revenues over (under) expenditures	(1,058,958)	(1,577,903)	(1,288,450)	289,453
Other Financing Sources (Uses):				
Transfers in		43,052		(43,052)
Transfers out	(110,000)	(110,000)		110,000
Total other financing sources (uses)	(110,000)	(66,948)		66,948
Change in fund balance	(1,168,958)	(1,644,851)	(1,288,450)	356,401
Fund balance - July 1	2,479,751	2,479,751	2,479,751	
Prior period adjustment			26,319	26,319
Fund balance - July 1, restated	2,479,751	2,479,751	2,506,070	26,319
Fund balance - June 30	\$ 1,310,793	\$ 834,900	\$ 1,217,620	\$ 382,720

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
RAIL/TRAIL AUTHORITY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
Measure D	\$ 3,936,000	\$ 5,580,000	\$ 2,937,620	\$ (2,642,380)
Use of money and property	83,772	83,772	113,515	29,743
TIRCP		3,553,963	940,666	(2,613,297)
Other revenue	3,680,000		23,494	23,494
Total revenues	7,699,772	9,217,735	4,015,295	(5,202,440)
Expenditures				
Salaries and benefits	910,000	930,000	637,111	292,889
Services and supplies	7,008,925	8,416,722	2,550,043	5,866,679
Total expenditures	7,918,925	9,346,722	3,187,154	6,159,568
Excess of revenues over (under) expenditures	(219,153)	(128,987)	828,141	957,128
Other Financing Sources (Uses):				
Transfers in	110,000	110,000		(110,000)
Transfers out		(21,526)		21,526
Total other financing sources (uses)	110,000	88,474		(88,474)
Excess of revenues and other sources over (under) expenditures and other uses	(109,153)	(40,513)	828,141	868,654
Fund balance (deficit) - July 1	(617,264)	(617,264)	(617,264)	
Restatement			(4,769,912)	(4,769,912)
Fund balance (deficit) - July 1, restated	(617,264)	(617,264)	(5,387,176)	(4,769,912)
Fund balance (deficit) - June 30	<u>\$ (726,417)</u>	<u>\$ (657,777)</u>	<u>\$ (4,559,035)</u>	<u>\$ (3,901,258)</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
SERVICE AUTHORITY FOR FREEWAY EMERGENCIES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
Motor vehicle fees	\$ 257,750	\$ 257,750	\$ 299,473	\$ 41,723
Aid from other governments	50,000	50,000	40,100	(9,900)
Measure D	50,000	50,000	116,565	66,565
Use of money and property	1,000	1,000	44,337	43,337
Total revenues	358,750	358,750	500,475	141,725
Expenditures				
Salaries and benefits	134,000	134,000	166,748	(32,748)
Services and supplies	400,250	400,250	364,555	35,695
Total expenditures	534,250	534,250	531,303	2,947
Excess of revenues over (under) expenditures	(175,500)	(175,500)	(30,828)	144,672
Other Financing Sources (Uses):				
Transfers out	(50,000)	(50,000)		50,000
Total other financing sources (uses)	(50,000)	(50,000)		50,000
Excess of revenues and other sources over (under) expenditures and other uses	(225,500)	(225,500)	(30,828)	194,672
Fund balance - July 1	553,834	553,834	553,834	
Fund balance - June 30	\$ 328,334	\$ 328,334	\$ 523,006	\$ 194,672

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
FREEWAY SERVICE PATROL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
California Department of Transportation Grant - SB1	\$ 141,739	\$ 134,398	\$ 72,491	\$ (61,907)
Caltrans Grant (FSP)	157,417	157,417	84,911	(72,506)
Measure D	200,000	220,000	105,068	(114,932)
Use of money and property			2,374	2,374
Total revenues	499,156	511,815	264,844	(246,971)
Expenditures				
Salaries and benefits	86,500	86,500	72,331	14,169
Services and supplies	17,200	17,200	7,096	10,104
Towing service	401,910	408,115	384,514	23,601
Total expenditures	505,610	511,815	463,941	47,874
Excess of revenues over (under) expenditures	(6,454)		(199,097)	(199,097)
Fund balance - July 1	116,031	116,031	116,031	
Restatement			55,164	55,164
Fund balance - July 1, restated	116,031	116,031	171,195	55,164
Fund balance (deficit) - June 30	\$ 109,577	\$ 116,031	\$ (27,902)	\$ (143,933)

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
HIGHWAY 1 PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
				Positive (Negative)
Revenues				
Use of money and property	\$ -	\$ -	\$ 20	\$ 20
Total revenues			20	20
Expenditures				
Salaries and benefits				
Services and supplies				
Total expenditures				
Excess of revenues over (under) expenditures			20	20
Fund balance - July 1	466	466	466	
Fund balance - June 30	<u>\$ 466</u>	<u>\$ 466</u>	<u>\$ 486</u>	<u>\$ 20</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
HIGHWAY 1 AUXILIARY LANES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 27,924	\$ 27,924
SCCP	47,000	434,871		(434,871)
State Planning, Programming, and Monitoring Funds		335,079	204,885	(130,194)
Measure D	22,277,850	19,357,765	14,166,499	(5,191,266)
Other		39,830		(39,830)
Total revenues	22,324,850	20,167,545	14,399,308	(5,768,237)
Expenditures				
Salaries and benefits	600,000	525,000	305,442	219,558
Services and supplies	21,724,850	19,642,545	13,044,975	6,597,570
Total expenditures	22,324,850	20,167,545	13,350,417	6,817,128
Excess of revenues over (under) expenditures			1,048,891	1,048,891
Fund balance - July 1	317,539	317,539	317,539	
Fund balance - June 30	\$ 317,539	\$ 317,539	\$ 1,366,430	\$ 1,048,891

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
CRUZ 511 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
				Positive (Negative)
Revenues				
State Planning, Programming and Monitoring Funds	\$ 370,635	\$ 370,635	\$ -	\$ (370,635)
Aid from other governments	194,900	194,900		(194,900)
Measure D	220,500	220,500	116,565	(103,935)
Use of money and property	4,000	4,000	21,784	17,784
Total revenues	790,035	790,035	138,349	(651,686)
Expenditures				
Salaries and benefits	210,535	210,535	82,957	127,578
Services and supplies	712,400	712,400	130,021	582,379
Total expenditures	922,935	922,935	212,978	709,957
Excess of revenues over (under) expenditures	(132,900)	(132,900)	(74,629)	58,271
Other Financing Sources (Uses):				
Transfers in	50,000	50,000		(50,000)
Total other financing sources (uses)	50,000	50,000		(50,000)
Excess of revenues and other sources over (under) expenditures and other uses	(82,900)	(82,900)	(74,629)	8,271
Fund balance - July 1	474,078	474,078	474,078	
Fund balance - June 30	\$ 391,178	\$ 391,178	\$ 399,449	\$ 8,271

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
BUDGETARY COMPARISON SCHEDULE
ACTIVE TRANSPORTATION MBSST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues				
RSTP Exchange Funds	\$ 125,000	\$ 125,000	\$ 43,654	\$ (81,346)
Land Trust	80,000	3,230,000	2,630,000	(600,000)
Measure D	7,540,820	9,484,258	2,066,910	(7,417,348)
Use of money and property			4,059	4,059
Total revenues	7,745,820	12,839,258	4,744,623	(8,094,635)
Expenditures				
Salaries and benefits	889,903	892,718	681,762	210,956
Services and supplies	6,855,917	11,925,014	5,730,937	6,194,077
Total expenditures	7,745,820	12,817,732	6,412,699	6,405,033
Excess of revenues over (under) expenditures		21,526	(1,668,076)	(1,689,602)
Other Financing Sources (Uses):				
Transfers out		(21,526)		21,526
Total other financing sources (uses)		(21,526)		21,526
Excess of revenues and other sources over (under) expenditures and other uses			(1,668,076)	(1,668,076)
Fund balance - July 1				
Fund balance (deficit) - June 30	\$ -	\$ -	\$ (1,668,076)	\$ (1,668,076)

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2025

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	\$ 98,234	\$ 105,181	\$ 157,522	\$ 224,198	\$ 211,434
Interest on the total OPEB liability	132,656	124,076	101,131	64,948	71,228
Actual and expected experience difference		78,784		32,946	
Changes in assumptions		(343,621)	(355,422)	(777,945)	246,455
Benefit payments	(130,712)	(120,550)	(112,938)	(92,475)	(74,599)
Net change in total OPEB Liability	100,178	(156,130)	(209,707)	(548,328)	454,518
Total OPEB liability- beginning	2,273,267	2,429,397	2,639,104	3,187,432	2,732,914
Total OPEB liability- ending (a)	<u>\$ 2,373,445</u>	<u>\$ 2,273,267</u>	<u>\$ 2,429,397</u>	<u>\$ 2,639,104</u>	<u>\$ 3,187,432</u>
Plan Fiduciary Net Position					
Contribution - employer	418,457	358,295	194,910		
Net investment income	49,889	26,872	1,020		
Benefit payments	(130,712)	(120,550)	(112,938)		
Administrative expense	(383)	(193)	(57)		
Net change in plan fiduciary net position	337,251	264,424	82,935		
Plan fiduciary net position- beginning	347,359	82,935			
Plan fiduciary net position- ending (b)	<u>\$ 684,610</u>	<u>\$ 347,359</u>	<u>\$ 82,935</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 1,688,835</u>	<u>\$ 1,925,908</u>	<u>\$ 2,346,462</u>	<u>\$ 2,639,104</u>	<u>\$ 3,187,432</u>
Plan fiduciary net position as a percentage of of the total OPEB liability	28.84%	15.28%	3.41%	0.00%	0.00%
Covered payroll	\$ 2,569,323	\$ 2,346,219	\$ 2,416,614	\$ 2,127,147	\$ 1,961,919
Commission's net OPEB liability as a percentage of covered payroll	65.73%	82.09%	97.10%	124.07%	162.47%
	2020	2019	2018		
Total OPEB Liability					
Service cost	\$ 177,210	\$ 113,898	\$ 121,414		
Interest on the total OPEB liability	76,179	69,300	60,196		
Actual and expected experience difference	(10,840)				
Changes in assumptions	357,350	139,953	(133,982)		
Changes in benefit terms					
Benefit payments	(72,998)	(62,470)	(50,598)		
Net change in total OPEB liability	526,901	260,681	(2,970)		
Total OPEB liability - beginning	2,206,013	1,945,332	1,948,302		
Total OPEB liability - ending	<u>\$ 2,732,914</u>	<u>\$ 2,206,013</u>	<u>\$ 1,945,332</u>		
Plan Fiduciary Net Position					
Contribution - employer					
Net investment income					
Benefit payments					
Administrative expense					
Net change in plan fiduciary net position					
Plan fiduciary net position- beginning					
Plan fiduciary net position- ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Net OPEB liability - ending (a)-(b)	<u>\$ 2,732,914</u>	<u>\$ 2,206,013</u>	<u>\$ 1,945,332</u>		
Plan fiduciary net position as a percentage of of the total OPEB liability	0.00%	0.00%	0.00%		
Covered payroll	\$ 1,880,332	\$ 1,888,097	\$ 1,374,598		
Commission's net OPEB liability as a percentage of covered payroll	145.34%	116.84%	141.52%		

Notes:

The Commission reported a change in assumptions from a decrease in the medical trend rate from 5.50% to 5.25% in the fiscal year ended June 30, 2025.

*- Fiscal year 2018 was the 1st year of implementation, therefore only eight years are shown.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Actuarially Determined Contribution (ADC)	\$ 277,228	\$ 269,154	\$ 246,496
Contributions in Relation to the ADC	<u>(418,457)</u>	<u>(358,295)</u>	<u>(194,910)</u>
Contribution Deficiency / (Excess)	<u>\$ (141,229)</u>	<u>\$ (89,141)</u>	<u>\$ 51,586</u>
Covered Payroll	\$ 2,569,323	\$ 2,346,219	\$ 2,416,614
Contributions as a % of Covered Payroll	16.29%	15.27%	8.07%

*- Fiscal year 2023 was when the Commission created an OPEB Trust. Prior to the fiscal year ended June 30, 2023 there was no calculation of an Actuarial Determined Contribution.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 10 Years
As of June 30, 2025

The following table provides required supplementary information regarding the Commission's Pension Plan.

	2025	2024	2023	2022	2021
Proportion of the net pension liability/(asset)	0.01418%	0.01411%	0.01411%	-0.00206%	0.01556%
Proportionate share of the net pension liability/(asset) \$	1,719,466	\$ 1,760,245	\$ 1,629,316	\$ (111,641)	\$ 1,692,619
Covered payroll	\$ 2,346,219	\$ 2,127,147	\$ 2,240,016	\$ 1,967,823	\$ 1,880,332
Proportionate share of the net pension liability as percentage of covered payroll	73.29%	82.75%	72.74%	-5.67%	90.02%
Plan's total pension liability	\$ 55,320,956,562	\$ 52,441,984,274	\$ 49,525,975,138	\$ 46,174,942,264	\$ 43,702,930,887
Plan's fiduciary net position	\$ 43,193,516,089	\$ 39,966,633,692	\$ 37,975,170,163	\$ 40,766,653,876	\$ 32,822,501,335
Plan fiduciary net position as a percentage of the total pension liability	78.08%	76.21%	76.68%	88.29%	75.10%
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.01626%	0.01717%	0.01902%	0.01925%	0.01875%
Proportionate share of the net pension liability \$	1,665,720	\$ 1,654,850	\$ 1,886,393	\$ 1,665,777	\$ 1,286,988
Covered payroll	\$ 2,081,870	\$ 1,590,897	\$ 1,541,379	\$ 1,523,462	\$ 1,351,432
Proportionate share of the net pension liability as percentage of covered payroll	80.01%	104.02%	122.38%	109.34%	95.23%
Plan's total pension liability	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402
Plan's fiduciary net position	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%

Note to Schedule:

There were no significant changes to the actuarial methods or assumptions.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION**SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 Years

As of June 30, 2025

The following table provides required supplementary information regarding the Commission's Pension Plan.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 292,311	\$ 634,015	\$ 549,346	\$ 454,857	\$ 725,030
Contribution in relation to the actuarially determined contributions	(292,311)	(634,015)	(549,346)	(454,857)	(725,030)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,569,323	\$ 2,346,219	\$ 2,127,147	\$ 2,240,016	\$ 1,967,823
Contributions as a percentage of covered payroll	11.38%	27.02%	25.83%	20.31%	36.84%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution (actuarially determined)	\$ 440,212	\$ 443,077	\$ 552,504	\$ 267,135	\$ 214,636
Contribution in relation to the actuarially determined contributions	(440,212)	(443,077)	(552,504)	(267,135)	(214,636)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,880,332	\$ 2,081,870	\$ 1,590,897	\$ 1,541,379	\$ 1,523,462
Contributions as a percentage of covered payroll	23.41%	21.28%	34.73%	17.33%	14.09%

Notes to Schedule

There were no significant changes to the actuarial methods or assumptions.

SUPPLEMENTARY INFORMATION SECTION

**INDEPENDENT AUDITORS' REPORT ON
TRANSPORTATION DEVELOPMENT ACT COMPLIANCE**

Santa Cruz County Regional Transportation Commission
Santa Cruz, California

Report on Compliance

Opinion on Compliance with the Transportation Development Act

We have audited the Santa Cruz County Regional Transportation Commission's (the Commission) Local Transportation Fund's compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook*, published by the State of California Department of Transportation 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 the TDA, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of the Transportation Development Act and the allocation instructions and resolutions of Santa Cruz County Regional Transportation Commission for the fiscal year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook*; published by the State of California Department of Transportation. Our responsibilities under those standards and the *Transportation Development Act Guidebook* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Santa Cruz County Regional Transportation Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of 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 the Transportation Development Act.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 GAAS, *Government Auditing Standards*, and *Transportation Development Act Guidebook* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santa Cruz County Regional Transportation Commission's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Transportation Development Act Guidebook*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the *Transportation Development Act Guidebook*, but not for the purpose of expressing an opinion on the effectiveness of the Santa Cruz County Regional Transportation Commission's internal control. Accordingly, we express no such opinion.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *Transportation Development Act Guidebook*. Accordingly, this report is not suitable for any other purpose.

Moss, Rinz & Hartshorn LLP

Santa Maria, California
September 24, 2026

**INDEPENDENT AUDITORS' REPORT ON
MEASURE D COMPLIANCE**

Santa Cruz County Regional Transportation Commission
Santa Cruz, California

Report on Compliance

Opinion on Compliance Pursuant to Measure D

We have audited the Santa Cruz County Regional Transportation Commission's (the Commission) Measure D Fund's 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 the Measure D, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of Measure D and the allocation instructions and resolutions of Santa Cruz County Regional Transportation Commission for the fiscal year ended June 30, 2025.

Basis for Opinion

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

We are required to be independent of the Santa Cruz County Regional Transportation Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of 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 whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 GAAS, *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 judgment made by a reasonable user of the report on compliance about Santa Cruz County Regional Transportation Commission's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *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 noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with *Ordinance No. 2016-01*, but not for the purpose of expressing an opinion on the effectiveness of the Santa Cruz County Regional Transportation Commission's internal control. Accordingly, we express no such opinion.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *Ordinance No. 2016-01*. Accordingly, this report is not suitable for any other purpose.

Moss, Remy & Hartgrain LLP

Santa Maria, California
September 24, 2026

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2025

Claimant/Purpose/Authority*	Allocated Balance July 1, 2024	Allocation	Expended	Allocated Balance June 30, 2025
Santa Cruz Metropolitan Transit District				
Transit operator assistance PUC § 99260(a)	\$ -	\$ 8,701,057	\$ 8,701,057	\$ -
Totals		8,701,057	8,701,057	
Santa Cruz County Regional Transportation Commission				
Administration PUC § 99233.1		631,735	631,735	
Planning PUC § 99402		734,548	734,548	
Pedestrian and bicycle PUC § 99400 (a)		228,000	228,000	
Totals		1,594,283	1,594,283	
City of Santa Cruz				
Volunteer Center and Community Bridges PUC § 99400 (c)		956,608	765,694	190,914
Pedestrian and bicycle PUC § 99400 (a)	588,082	125,220	190,914	522,388
Totals	588,082	1,081,828	956,608	713,302
County of Santa Cruz				
Pedestrian and bicycle PUC § 99400 (a)	1,168,321	252,457	400,000	1,020,778
Totals	1,168,321	252,457	400,000	1,020,778
City of Scotts Valley				
Pedestrian and bicycle PUC § 99400 (a)	135,084	23,488		158,572
Totals	135,084	23,488		158,572
City of Capitola				
Pedestrian and bicycle PUC § 99400 (a)	114,189	19,063	131,628	1,624
Totals	114,189	19,063	131,628	1,624
City of Watsonville				
Pedestrian and bicycle PUC § 99400 (a)	741,679	98,783		840,462
Totals	741,679	98,783		840,462
Grand totals	\$ 2,747,355	\$ 11,770,959	\$ 11,783,576	\$ 2,734,738

* Public Utilities Code

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
STATE TRANSIT ASSISTANCE FUND
For the Fiscal Year Ended June 30, 2025

Claimant/Purpose/Authority*	Allocated Balance July 1, 2024	Allocation	Expended	Allocated Balance June 30, 2025
Santa Cruz Metropolitan Transit District				
Transit operator assistance CAC § 6730(a)	\$ -	\$ 5,985,332	\$ 5,303,461	\$ 681,871
Total	-	5,985,332	5,303,461	681,871
City of Santa Cruz				
Community Bridges CAC § 6730(a)	-	396,191	373,795	22,396
Total		396,191	373,795	22,396
Grand totals	\$ -	\$ 6,381,523	\$ 5,677,256	\$ 704,267

* California Code of Regulations, Title 21