

**SANTA CRUZ COUNTY REGIONAL
TRANSPORTATION COMMISSION**

AUDIT REPORT
June 30, 2021

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 Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19, the budgetary information on pages 55 through 62, the schedule of changes in the OPEB liability and related ratios on page 63, the schedule of OPEB contributions on page 64, the schedule of proportionate share of net pension liability on page 65, and the schedule of pension contributions on page 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, of the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming 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 is not a required part of the basic financial statements.

The schedules of allocations and expenditures are the responsibility of management and was derived from and is 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 relating 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 March 9, 2022, 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, Kelly & Hartshorn LLP

Santa Maria, California
March 9, 2022

Management Discussion and Analysis

Fiscal Year Ending June 30, 2021

1.INTRODUCTION

The Santa Cruz County Regional Transportation Commission (RTC) was established in 1972 under the provisions of the California Transportation Development Act (TDA) of 1971. 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 sales tax, which was approved by over two-thirds of Santa Cruz County voters in November 2016.

The RTC is governed by a Board of Directors 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, for FY2020/21, oversaw 19 full and part-time employees representing 18 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.

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 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) and Senate Bill 1 (SB1) State of Good Repair, 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. In 2021, the RTC was also responsible for selecting projects to receive formula shares of funds made available from the federal Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA). 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 more efficient, effective, and resilient transportation systems.

The RTP is the 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. A significant amount of time was spent during FY2020/21 updating the goals, targets, policies, the financial element, and the constrained/unconstrained project lists for inclusion in the 2045 RTP, which is scheduled for adoption in 2022. The last RTP was adopted in June 2018. 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 and the SB 375-mandated Sustainable Communities Strategy prepared by the region's 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 those funds and lists those selected projects in the Regional Transportation Improvement Program (RTIP), which covers a 5-year period. RSTPX funds and funds programmed to projects being implemented by the RTC are also included in RTC's annual budgets in the year in which expenditures are expected.

The RTC contributed and/or secured state and federal funds for local agencies for the following projects which were under construction or were implemented in FY2020/21 with the dollar amounts reflecting the RTC's contribution to the total project costs:

- Empire Grade Resurfacing: \$110,261 RSTPX
- Glen Arbor Road CAPE Seal (SR 9- Quail Hollow): \$400,000 RSTPX
- Hwy 17 to Soquel Corridor Resurfacing: \$1,348,000 RSTPX and \$800,000 STIP
- Pioneer-Varni Road Resurfacing: \$1,045,000 RSTPX
- Zayante Corridor Resurfacing: \$801,000 RSTPX and 950,000 STIP
- Aptos Creek Road Traffic Signal and the Soquel Drive Sidewalks and Bike Lanes: \$587,000 RSTPX
- Hwy 1 Cycle/Pedestrian Overcrossing at Mar Vista: \$82,000

- Hwy 1 Auxiliary Lanes & Bus on Shoulders: 41st Ave to Soquel Ave & Chanticleer Bike/Ped Bridge: \$1,640,000 HIP
- 38th Avenue Rehabilitation, Capitola: \$501,000 RSTPX
- Park Avenue Sidewalks, Capitola: \$198,000 TDA
- Pacific Ave Sidewalk, Santa Cruz: \$250,000 RSTPX
- Water Street Pavement Rehabilitations, Santa Cruz: \$417,000 RSTPX
- Hwy 1/9 Intersection Modifications, Santa Cruz: \$2,188,000 RSTPX and \$2,853,000 STIP
- Bluebonnet Sidewalk Improvements, Scotts Valley: \$100,000 RSTPX
- Scotts Valley Area Routes Chip Seal, Scotts Valley: \$832,000 STIP
- Segment 18 Rail Trail Ohlone Parkway to City Slough Trail Connection, Watsonville: \$338,000 TDA
- Freedom Boulevard Reconstruction, Watsonville: \$1,550,000 STIP
- Great Meadow Bike Path Safety Improvement, UCSC: \$546,000
- ParaCruz Van Replacements, Santa Cruz Metro: \$200,000
- ITS Equipment: Automatic Passenger Counter System and Real Time Bus Arrival/Departure Displays, Santa Cruz Metro: \$1,400,000 STIP
- BikeSmart & WalkSmart: \$50,000 RSTPX
- Bike Challenge+: \$200,000
- Bicycle Route Signage Countywide: \$149,000 RSTPX

Highway 1 Projects

In FY2020/21, the RTC continued sponsorship and delivery of regionally significant projects on Highway 1 using Measure D, federal, and state funds. The RTC in partnership with Caltrans developed 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, a bus-on-shoulder facility, 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 a local roadway overcrossing. RTC received a \$107.2 Million grant for cycle 2 of the Solutions to Congested Corridors Program (SCCP) and Local Partnership Program (LPP), to fully fund the first two projects: auxiliary lanes and bus on shoulder improvements between Soquel Drive and State Park Drive interchanges, which includes bicycle and pedestrian overcrossings at Chanticleer Avenue and Mar Vista Drive.

Highway 1 – 41st to Soquel AUX Lane & BOS Project

This project includes one set of auxiliary with bus on shoulder improvements and a new bicycle and pedestrian overcrossing at Chanticleer Avenue. RTC is nearing completion of all pre-construction work, including final design, right-

of-way certification, and funding agreements. Caltrans is on schedule to advertise for construction bids in early 2022.

Highway 1 – State Park to Bay/Porter AUX Lane & BOS Project

This project includes one set of auxiliary lanes with bus on shoulder improvements and a new bicycle and pedestrian overcrossing at Mar Vista Drive. The project includes the replacement of the Capitola Avenue overcrossing, soundwalls, and retaining walls. The RTC completed the Environmental Impact Report/Environmental Assessment (EIR/EA) and started work on final design and right-of-way activities. The project is on schedule to complete all pre-construction work over the next two fiscal years with Caltrans advertising the project for construction bids in FY2022/23.

Highway 1 – Freedom to State Park AUX Lane & BOS Project

This project includes auxiliary lanes and bus-on-shoulder improvements 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). A professional engineering service agreement was entered into in the spring of 2020 for the preliminary engineering and environmental analysis of the project. RTC started work on the Environmental Impact Report/Environmental Assessment (EIR/EA), which is expected to be completed in the Spring of 2023. RTC is seeking grant funding for construction.

Rail Corridor Maintenance and Preservation

RTC continued developing the storm damage repair projects along the branch line which were a result of the declared disaster from early 2017. RTC staff has been managing the consultant efforts and obtaining permits for the 7 storm damage repair projects and one debris removal project. In FY2020/21, RTC started construction work on five of the seven sites and the debris removal project, completing work on four sites. All 2017 storm damage repair work and debris removal is on schedule to be completed in FY2021/22.

The RTC continued the final design of the phase 1 bridge repairs along the branch line. RTC secured a Short line Railroad Program grant to repair the Pajaro River bridge located in Watsonville, with matching funds from Measure D Rail category funds and private sources. The project is scheduled to begin construction in FY2021/22.

In FY2020/21, the RTC completed emergency repairs to the railroad bridge at MP 4.87, making the bridge available to carry equipment for storm damage repairs further up the line. The RTC also completed plans, specifications and cost estimates for rail line right-of-way erosion repairs needed near Manresa State Beach. The RTC also continued vegetation control efforts through

various contracts which included tree trimming and removal, ground vegetation mowing and removal and spraying of herbicides not considered hazardous per federal standards. Work was also done to clear drainage ditches and culverts of vegetation, garbage and other debris, and to repair drainage ditch areas to improve water runoff and prevent damage to the rail line ROW and neighboring properties. In addition, work was done in cooperation with local jurisdictions and law enforcement to address encampments and remove graffiti.

Monterey Bay Sanctuary Scenic Trail Network (and Coastal Rail Trail)

Implementation of segments of the Monterey Bay Sanctuary Scenic Trail (MBSST) Network (and Coastal Rail Trail) continued during FY2020/21. The Coastal Rail Trail 32-mile multi use bicycle and trail along the Santa Cruz Branch Rail Line is the spine of Santa Cruz County's larger Monterey Bay Sanctuary Scenic Trail (MBSST) Network, a system of trails providing connections to the coast from the San Mateo County line to the Monterey County Line. The RTC works with local jurisdictions to implement various segments of the trail. The RTC oversees all trail development activities.

MBSST Network Implementation

RTC staff provided oversight and technical assistance for implementation of the Monterey Bay Sanctuary Scenic Trail Network (MBSST). This included coordination with Caltrans, local jurisdictions and Central Federal Lands of the Federal Highways Administration who are implementing specific sections of the trail network.

Segment 7 - Phase 1

The City of Santa Cruz completed construction of the Rail Trail from Natural Bridges Drive to Bay Street/California Avenue (Phase 1), with the trail open for use in December 2020. Measure D funds were used as a match to other fund sources.

Segment 7 - Phase 2

The City of Santa Cruz continued working on the final design and prepared a successful Active Transportation Program (ATP) grant application in FY2020/21, using Measure D funds as a match, for construction of Phase 2, from Bay Street/California Avenue to the Santa Cruz Wharf. This section of trail is scheduled to start construction in spring 2022.

North Coast Segment 5, Wilder Ranch-Davenport

In coordination with the SCCRTC, Federal Highway Administration Central Federal Lands Highway Division (FHWA-CFLHD) continued development of the 7.5-mile trail from Davenport to Wilder Ranch State Park. Work on preconstruction activities, including environmental, design, right-of-way and permitting, continued in FY2020/21. The 5.4-mile section from Wilder Ranch to Panther/Yellowbank Beach is fully funded for construction and expected to be ready to break ground in FY2022/23, pending the release of federal funds. In FY2020/21, the RTC also prepared grant applications for the remaining 2.1-mile section of the trail.

Segments 8 & 9, Santa Cruz-Live Oak

The City of Santa Cruz, in partnership with the County of Santa Cruz and SCCRTC initiated technical studies to support preliminary design and environmental review of Segments 8 & 9 of the Coastal Rail Trail between the Santa Cruz Wharf and 17th Avenue (2.5 miles) in FY2020/21. Preliminary design and environmental review is funded by state and private funds. The city is pursuing grants, using Measure D funds as match, to fund construction.

Segments 10 & 11, Live Oak to Seacliff/Aptos

In FY2020/21, the County of Santa Cruz, in partnership with the City of Capitola and SCCRTC, initiated technical studies to support preliminary environmental review and preliminary design of Segments 10 & 11 of the trail from 17th Ave to State Park Drive (4.7 miles) using Measure D funds.

Segment 12, Aptos/Rio del Mar

Environmental review and preliminary design of Segment 12 of the Coastal Rail Trail was initiated 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 by Caltrans in partnership with the SCCRTC. This section of trail includes bridges over Highway 1 and Soquel Drive connecting coastal neighborhoods and Aptos Village. RTC plans to pursue grants for construction.

Segment 18, Watsonville

Construction of the trail between Ohlone Parkway and Watsonville Slough Trail (Phase 1) was completed in FY2020/21, with the official ribbon cutting in July 2021. Measure D expenditures for Segment 18 will be reflected in the FY2021/22 audit. The City of Watsonville continued design for Phase 2 of the trail, between Lee Road and Ohlone and between the Slough Trail and Walker Street.

SAFE and FSP

The Service Authority for Freeway Emergencies (SAFE) annual budget provides funds for a number of programs including the Safe on 17 Program to maintain a reduced collision rate on Highway 17 by providing the resources for additional CHP enforcement officers. The funding is provided by the RTC SAFE (\$50,000) and the Metropolitan Transportation Commission (MTC) SAFE (\$50,000) programs. In FY2020/21, RTC SAFE allocated an additional \$50,000 annually for extra enforcement using Measure D Highway funds. In FY2020/21, CHP Santa Cruz provided 1,140 hours of extra enforcement on Highway 17, making use of all allocated and rollover funds for the year.

The SAFE program provides call boxes on Highways 1, 9, 17, 152, and 129 throughout the county and connects stranded motorists with assistance. Nearly 319 calls were placed from 45 call boxes in the county in FY2020/21. Cruz511, a 511 traveler information project (described in more detail in the next section), is also funded in part through the SAFE budget.

The RTC, serving as the SAFE agency in Santa Cruz County, operates the Freeway Service Patrol (FSP) program. The FSP program consists of roving tow trucks during commute 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 delay associated with non-recurrent congestion, improve safety, air quality, and reduce fuel consumption by rapidly clearing incidents. The FSP tow providers worked a total of 3,755 hours and provided approximately 1,706 assists in FY2020/21, with an average of 0.45 assists per hour. The FY2020/21 average benefit/cost ratio for the program is 3. In FY2020/21, the most frequent types of motorist aid provided by FSP include assistance with collisions, mechanical quick fixes, and flat tire repairs.

Cruz511 and Alternatives to Driving Alone

Since 1979, the RTC has provided the community with a centralized resource for transportation 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 FY2020/21, the RTC, in partnership with the City of Santa Cruz, UCSC, Ecology Action, and other entities, launched "Go Santa Cruz County," a robust

demand management program, including an online commute manager and rewards platform with dynamic ride matching and trip planning. More than 500 participants registered during the months following the countywide expansion, joining the 1,000+ participants already enrolled in the downtown GO Santa Cruz pilot. Consultants assisted with creating marketing materials, employer marketing toolkit, program website (www.gosantacruzcounty.org), and social media content. Additionally, consultants assisted with employer outreach by engaging with major employers, onboarding new employers to the platform, and providing virtual commuter workshops to participants.

In FY2020/21 the RTC also continued to provide rideshare, transit, bicycle, traffic information, and county road and lane closure information to the public, primarily through the www.Cruz511.org website. Staff continued to provide traffic safety messaging and active transportation mapping resources to community members throughout the county. Cruz511 traveler information and rideshare resources were also updated due to the global COVID-19 health crisis and local wildfires in the fall of FY2020/21.

Rail Studies and Use of the Corridor

In December 2015, the RTC completed a feasibility study of passenger rail service in the corridor. In early 2019, the RTC completed a unified corridor investment study, which included use of the rail corridor for passenger rail services and a bicycle and pedestrian path. In fiscal year 2019-20, the RTC began work on a Transit Corridor Alternatives Analysis and Rail Network Integration Study (TCAA/RNIS) for high-capacity public transit on the rail corridor. The RTC, in partnership with Santa Cruz Metropolitan Transit District (METRO), completed the TCAA/RNIS in February 2021. The TCAA/RNIS evaluated public transit investment options that provide an integrated transit network for Santa Cruz County utilizing all or part of the length of the Santa Cruz Branch Rail Line (SCBRL) as a dedicated transit facility. The TCAA/RNIS identified electric passenger rail as the preferred alternative for the SCBRL.

A performance-based planning approach based on a triple bottom line sustainability framework was used to assess various public transit options for the rail right-of-way. Agency partners, local and regional stakeholders and the general public had the opportunity to provide valuable input into the planning process at key milestones of the project. Input was solicited through open houses both in person and online during the pandemic. Input was received through email and RTC's online comment form. Meetings were held with the RTC Advisory Committees (Bike Committee, Elderly and Disabled Transportation Advisory Committee, and Interagency Technical Advisory Committee), and Partner Agencies to present information, answer questions and receive input on the project. This study was primarily funded by Measure D with a \$100,000 network integration grant from Caltrans.

A draft business plan was prepared, which identified the need for a new local funding source to leverage state and federal grant opportunities. The Commission did not adopt the business plan and did not provide direction for staff to seek funding for environmental review of an electric passenger rail project.

SR9 San Lorenzo Valley (SLV) Complete Streets Corridor Transportation Plan

The RTC completed work on the Highway 9/San Lorenzo Valley (SLV) Complete Streets Corridor Plan in FY2018/19. Priorities identified in the plan improve safety for pedestrians, bicyclists and motorists; improve access to schools, businesses, residences, and transit; and improve traffic operations throughout this travel corridor.

In FY2019/20 RTC secured a Highway Safety Improvement Program (HSIP) grant to improve 5 existing pedestrian crossings of Highway 9. The 5 crossings were upgraded to include advanced warning signage for motorists, pedestrian activated rapid rectangular flashing beacons, and reflective pavement markings. RTC entered into a Cooperative Agreement with Caltrans to incorporate the 5 crossings into an existing Caltrans multi-County project for pedestrian crossings throughout Santa Cruz and Monterey Counties. The construction of these 5 crossings were completed in FY2020/21.

The RTC worked with Caltrans to prepare a Project Initiation Document (PID) for the complete streets elements identified in the plan, to be completed in early 2022. Work included coordination with Caltrans to develop the Complete Streets PID and coordinating the addition of complete streets elements into other Caltrans projects, community outreach, and stakeholder engagement. RTC began negotiations of a Memorandum of Understanding (MOU) with San Lorenzo Valley Unified School District, Caltrans, Santa Cruz Metro, and Santa Cruz County Department of Public Works to collaborate on solutions for multimodal access and circulation at the SLV Schools Complex in Felton.

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 full accrual basis of accounting and consistent with the Government Accounting Standards Board (GASB) Statement 34 with the capital 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 75, the RTC Government-wide Financial Statements include the expenses, deferred outflows and deferred inflows of resources, and liabilities associated with Other Post-Employment Benefits (OPEB) as discussed in Note 9 of the report. The RTC adheres to GASB Statement 68 which requires the measurement and reporting of the pension liability; and pension is discussed in detail in Note 7 starting on page 45. The impact of GASB Statement 75 and GASB Statement 68 is the ever increasing Noncurrent (long-term) liability and decreasing Net Position.

B. Funds Financial Statements

The RTC had fifteen funds in FY 2020/21. There are eight governmental funds (pages 22 – 31) and seven fiduciary funds (pages 32 – 35).

The RTC uses the following fund balance classifications, which are in line with GASB Statement 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 General Fund only)

Not all fund categories may be present in any one reporting year, and the current financial statements have just three: 1) Nonspendable, 2) Restricted, and 3) Unassigned.

4. FINANCIAL HIGHLIGHTS

FY2020/21 is another year of major accomplishment, which included programming over \$21 million in local transportation funding thanks to Measure D, adding bus on shoulder elements to the final design to the 41st Avenue-Soquel Drive Auxiliary Lanes and Tier 1 Highway 1 corridor environmental document, prepare an Environmental Impact Report/Environmental Assessment (EIR/EA) for the auxiliary lanes and bus on shoulder improvements between State Park Drive and Freedom Boulevard interchanges, preparation for the implementation of MyCruz511 a web-based commuter management and rewards platform, work on the Highway 9/San Lorenzo Valley (SLV) Complete Streets Corridor Plan priorities including community outreach, and stakeholder engagement, and implementation of segments of the Monterey Bay Sanctuary Scenic Trail (MBSST) Network.

The implementation of Government Accounting Standards Board Statement

75 (GASB 75), Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and GASB Statement 68 Accounting and Financial Reporting for Pensions continue to have significant negative impact on Net Position of Government wide financial statements. The fund statements, however, show governmental funds in strong financial position.

Governmental Funds

Net Position

The Net Position is down \$992,579 to \$20,058,609 from \$21,051,188 in FY2020. While the combined fund balance is healthy at \$4,096,098 (page 23) the Net Position has a negative Unrestricted balance of \$1,618,731 (page 20) due to the continuing rise of pension and OPEB liabilities. While there are adequate current assets to finance current liabilities, noncurrent liability balance of \$5,259,162 cannot be fully covered. 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 how the Noncurrent liabilities – OPEB (\$3,187,432), Compensated Absence (\$379,111), and Net Pension Liability (\$1,692,619), are depressing the Net Position when capital assets are excluded:

UNRESTRICTED NET POSITION DEFICIT ANALYSIS

	<u>FY2021</u>	<u>FY2020</u>
Current Assets (Cash & Receivables)*	14,758,379	9,171,991
Less:		
Restricted Fund Balance**	(1,811,327)	(2,765,058)
Current Liabilities (Net of D/T Other Funds)*	<u>(10,853,191)</u>	<u>(4,383,006)</u>
Unassigned Fund Balance**	2,093,861	2,023,927
Less Noncurrent Liabilities***	(5,259,162)	(4,726,944)
Add:		
Prepays*	190,910	78,895
Net Deferred Outflows & Inflows***	<u>1,355,660</u>	<u>1,014,347</u>
Unrestricted Net Position	(1,618,731)	(1,609,775)

* Statement of Net Position page 20 - Governmental Fund Balance - pages 22-23

** *Governmental Fund Balance* - pages 22-23

*** *Statement of Net Position* – page 20 or *Note 6, Long-term Liabilities* on page 45

Cash, Receivables, and Payables

Cash and Investment balance shows an increase of \$592,584 to \$4,457,442 from \$5,050,026 (pages 22 – 23) on 6/30/2021. The RTC has adequate resources to meet its current obligations with a 1.5x current ratio. The current

liabilities have increased by \$6,470,185 mostly due to increases in Due to Other Agencies (\$2,249,856) and Due to Fiduciary Funds (\$5,235,270).

Capital Assets

Net capital assets totaled \$19,866,013 in FY2021. The non-depreciable capital assets value remained unchanged from FY2020 at \$19,848,411. The depreciable capital assets decreased by \$3,121 to \$17,602, the decrease is the depreciation expense (Page 45).

Other Balance Sheet Highlights

- Due From and Due To Other funds (\$294,747 each) consist of \$260,702 due to Administration and Planning from Rail; and \$34,045 due to Administration and Planning from Freeway Service Patrol (FSP).
- Unearned Revenue increased by \$27,975 to \$426,052. The Unearned Revenue balance in FY2021 is distributed as follows: \$ 141,076 LCTOP funds in Administration and Planning, \$125,000 RSTPX funds in Highway, \$70,000 RSTPX funds in Active Transportation/MBSST and \$89,976 RSTPX funds in Rail/Trail.

Condensed Balance Sheet of Governmental Funds

	6/30/2021	6/30/2020	Change
Cash	\$ 4,457,442	\$ 5,050,026	\$ (592,584)
Accounts Receivable and Due From Prepaid Items	10,595,684 190,910	4,121,965 105,666	6,473,719 85,244
Total Assets	\$ 15,244,036	\$ 9,277,657	\$ 5,966,379
Accounts Payable and Due To Unearned Revenue	10,721,886 426,052	3,984,929 398,077	6,736,957 27,975
Total Liabilities	11,147,938	4,383,006	6,764,932
Total Fund Balances	4,096,098	4,894,651	(798,553)
Total Liabilities and Fund Balances	\$ 15,244,036	\$ 9,277,657	\$ 5,966,379

Revenues

The combined governmental funds revenues are up \$11,484,819 to \$23,299,864. The table on the following page is a year to year revenue comparison:

Revenues Comparison

	6/30/2021	6/30/2020	Change
RSTPX	\$ 3,640,802	\$ 297,226	\$ 3,343,576
Local Transportation Fund (TDA)	1,281,891	1,455,439	(173,548)
Measure D	9,669,516	4,957,639	4,711,877
CA Dept of Transp Grant - SB1	80,397	47,821	32,576
RPA (Admin & Planning)	290,120	297,482	(7,362)
LCTOP	-	151,529	(151,529)
Sust Transp Grant WCB	162,479	84,621	77,858
Sust Transp Grant CDFW	158,318	8,583	149,735
Caltrans SHA Grant	58,568	-	58,568
Fed 5304 SR9	-	41,432	(41,432)
FEMA	3,879,384	456,457	3,422,927
Motor Vehicle Fees	261,721	252,191	9,530
Active Transportation Program	9,525	137,155	(127,630)
Aid From Other Governments	46,395	50,853	(4,458)
STIP	2,576,296	2,814,338	(238,042)
Local Partnership Program Grant	720,807	-	720,807
Caltrans Grant (FSP)	167,519	262,401	(94,882)
Land Trust	94,217	216,813	(122,596)
Interest, Lease, & Other	201,909	283,068	(81,159)
	<u>\$ 23,299,864</u>	<u>\$ 11,815,048</u>	<u>\$ 11,484,816</u>

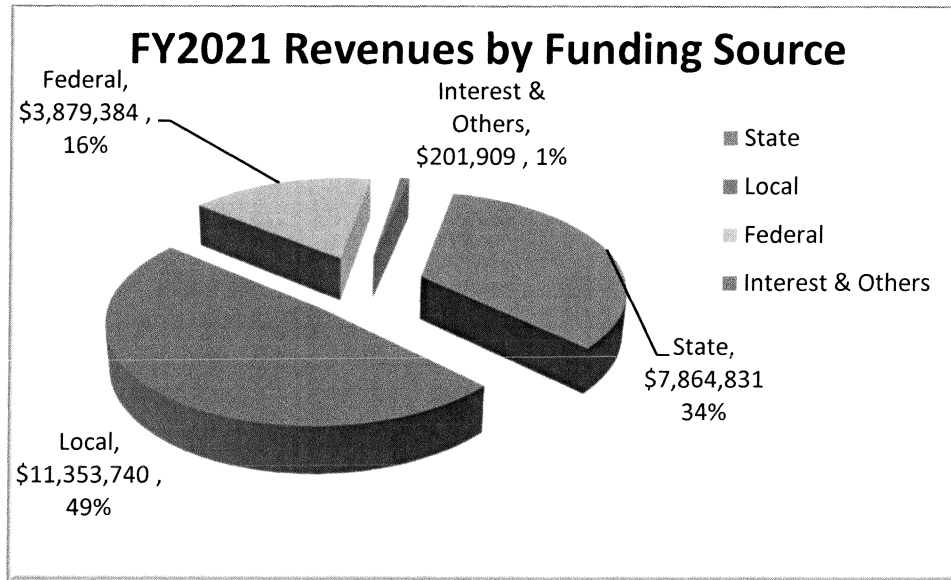
There are three major funding sources with the State at 34%, Local at 49%, and Federal at 17% of all revenues. The local revenues (\$11,353,740) comprise 49% of revenues and consist of TDA funds (\$1,281,891); Motor Vehicle fees (\$261,721); Land Trust (\$94,217); MTC Safe for Safe on 17 (\$46,395); and Measure D (\$9,669,516).

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

Table
FY2021 Funding by Source

	FY2021		FY2020	
Local	\$ 11,353,740	49%	\$ 7,026,777	59%
State	7,864,831	34%	4,102,012	35%
Federal	3,879,384	16%	497,889	4%
Interest & Others	201,909	1%	188,370	2%
	<u>\$ 23,299,864</u>		<u>\$ 11,815,048</u>	

Figure 1
FY2021 Funding by Source



Expenditures

- The expenditures are up \$13,047,036 to \$23,653,417; and major expenditures were for payroll (\$3,189,167); services and supplies (\$15,367,767; Transit Corridor Alternatives Analysis (\$233,105); Towing in FSP (\$307,873); Regional Conservation Investment Study (\$125,595); Scotts Creek Lagoon and Marsh Restoration Project (\$156,509); 2017 Storm Damage Repairs (\$3,940,438) and consultants in various funds.
- Payroll costs (\$3,189,167) are up 10% due to: fulfillment of a vacant position; work status change for staff; and higher insurance costs but they are \$240,079 (9%) below budget (\$3,429,246).
- Overall, costs are in line and in accordance with the budget.

Fiduciary Funds

- With the passage of ½-cent sales tax Measure D in November 2016, there are now 7 fiduciary funds.
- The combined cash balance remains high and is up \$3,113,162 (8 %) to \$41,550,938 from a year ago due to unclaimed allocations; revenue growth; the unspent FY2021 Measure D proceeds (\$30,226,631); and the undistributed (unallocated) RSTPX (\$443,540) and TDA (\$886,493) funds. The undistributed RSTPX funds balance of \$7,436,293 includes \$3,469,338 received for FY 2021.

The unclaimed allocations by funding sources and claimants are presented below:

**UNCLAIMED TDA AND STP EXCHANGE ALLOCATIONS
FY 2021 ENDING 6/30/2021**

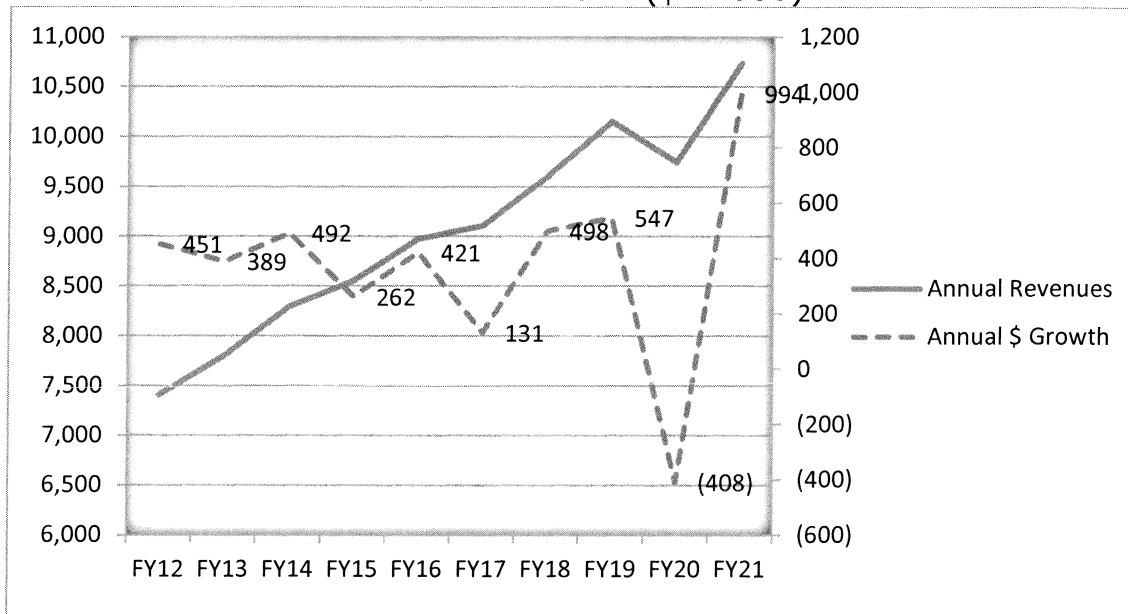
	Total	TDA	RSTP Exchange
County of Santa Cruz	\$ 7,273,082	\$ 968,448	\$ 6,304,634
City of Capitola	856,677	51,413	805,264
City of Santa Cruz	407,137	407,137	0
City of Scotts Valley	565,943	60,679	505,264
City of Watsonville	1,958,264	758,424	1,199,840
SCCRTC	330,025	0	330,025
Unallocated	<u>1,330,033</u>	<u>886,493</u>	<u>443,540</u>
TOTAL ALLOCATED	<u>\$12,721,161</u>	<u>\$3,132,594</u>	<u>\$9,588,567</u>

- The Net Position decreased by \$3,031,609 (7%) to \$47,289,202 due to Measure D revenues (\$24,675,262) which are offset by expenses and disbursements to claimants of \$21,112,188(pages 33-34).
- The STA (\$3,525,215) revenues decreased 26%.
- The financial report shows an increase in TDA of \$994,476 (10%) to \$10,733,415 from \$9,738,939 in FY2020. The TDA revenues set another record for growth since 2014 when comparing just July to June receipts. The TDA performance in the last ten years is shown on the following table and graph:

The TDA cash receipts performance over the last ten years

Fiscal Year	Actual Receipts	(Change)	
FY2012	\$ 7,407,427	\$ 451,368	6.5%
FY2013	7,796,002	388,575	5.2%
FY2014	8,287,590	491,588	6.3%
FY2015	8,549,340	261,750	3.2%
FY2016	8,970,056	420,716	4.9%
FY2017	9,101,315	131,259	1.5%
FY2018	9,599,732	498,417	5.5%
FY2019	10,147,019	547,287	5.7%
FY2020	9,738,939	(408,080)	-4.0%
FY2021	10,733,415	994,476	10.2%

Figure 2
TDA Annual Revenues and Changes – Last Ten (10) Years
FY2012 – FY2021 (\$ 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 all of the STA funds with the exception of \$100,000 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 continues to be a priority in FY2020/21. In November 2016, Santa Cruz County voters approved Measure D, a comprehensive transportation sales tax measure which will help 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 provided a degree of stability to transportation funding. Nonetheless these new fund sources have still not provided sufficient funds for all of the identified transportation needs, so the RTC will continue to work with agencies throughout the county and state to increase transportation funding and use existing funds efficiently.

Funding RTC core functions continues to be a challenge since the elimination of federal Planning (PL) funding in FY2016 and the severe reduction in other state and federal grant dollars. The *2018 Regional Transportation Plan*

identified a funding gap of over \$3.4 billion for transportation needs countywide through the year 2040, even with the Measure D ½ cent sales tax and SB1 revenues. The draft 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.

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 (MBBST) Network project, and rail projects. The RTC has identified smaller projects within the Highway 1 corridor which could be constructed incrementally as funds become available, including new auxiliary lanes and bicycle/pedestrian overcrossings. Throughout FY 2020/21, the RTC continues to implement the voter-approved investment plan for the Measure D sales tax measure. Measure D is estimated to raise approximately \$22 million per year 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 shortline railroad operator, freight service continues, and recreational passenger rail service was implemented. Unfortunately, the 2017 winter storms caused significant damage to portions of the rail line right-of-way.

The 2017 storm damage was caused by a federally declared disaster and considered eligible for Federal Emergency Management Agency (FEMA) reimbursement. The RTC continues to make progress on repairs but is still working with the FEMA on reimbursement. 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.

The RTC will also need to work to ensure that other repairs and continued maintenance and operation of the rail line can be funded by available funding, including any revenue generated by the freight service, recreational rail service, other leased uses of the real estate, and Measure D-Rail category funding. A Longer-term use of the rail corridor for passenger transit services will require capital and operation funding from other sources.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 4,457,442
Receivables	10,290,071
Deposits held by others	10,866
Prepaid items	190,910
Capital assets:	
Nondepreciable	19,848,411
Depreciable, net	<u>17,602</u>
Total assets	<u>34,815,302</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	971,473
OPEB	<u>537,414</u>
Total deferred outflows of resources	<u>1,508,887</u>
LIABILITIES	
Accounts payable	8,046,149
Accrued expenses	131,134
Due to other agencies	2,249,856
Unearned revenue	426,052
Noncurrent liabilities:	
Compensated absences	379,111
OPEB liability	3,187,432
Net pension liability	<u>1,692,619</u>
Total liabilities	<u>16,112,353</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	100,615
OPEB	<u>52,612</u>
Total deferred inflows of resources	<u>153,227</u>
NET POSITION	
Net investment in capital assets	19,866,013
Restricted for programs	1,811,327
Unrestricted	<u>(1,618,731)</u>
Total net position	<u><u>\$ 20,058,609</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, 2021

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Contributions	Contributions	Changes in
			and Grants	and Grants	Net Position
Governmental activities:					
Transportation	\$ 23,847,443	\$ -	\$ 23,097,955	\$ -	\$ (749,488)
Total governmental activities	<u>\$ 23,847,443</u>	<u>\$ -</u>	<u>\$ 23,097,955</u>	<u>\$ -</u>	<u>(749,488)</u>
General Revenues					
Investment income					94,223
Other					<u>107,686</u>
Total general revenues					<u>201,909</u>
Change in net position					<u>(547,579)</u>
Net position - beginning of fiscal year					21,051,188
Prior period adjustment					<u>(445,000)</u>
Net position - beginning of fiscal year - restated					<u>20,606,188</u>
Net position - end of fiscal year					<u>\$ 20,058,609</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2021

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund	Freeway Service Patrol Fund
ASSETS				
Cash and investments	\$ 1,769,890	\$ 752,593	\$ 494,924	\$ -
Accounts receivable		17,062		
Due from other agencies	510,409	3,900,964	66,781	197,465
Due from fiduciary funds	87,557	726,183	50,000	44,604
Due from other funds	294,747			
Deposits held by others	10,866			
Prepaid items	161,065			
Total assets	<u>\$ 2,834,534</u>	<u>\$ 5,396,802</u>	<u>\$ 611,705</u>	<u>\$ 242,069</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 221,434	\$ 857,736	\$ 3,760	\$ 30,327
Accrued payroll	131,134			
Unearned revenue	141,076	89,976		
Due to other agencies	85,964		32,708	25,004
Due to fiduciary funds		4,048,717		
Due to other funds		260,702		34,045
Total liabilities	<u>579,608</u>	<u>5,257,131</u>	<u>36,468</u>	<u>89,376</u>
Fund Balances:				
Nonspendable:				
Prepaid items	161,065			
Deposits held by others	10,866			
Restricted:				
Transportation planning		139,671	575,237	152,693
Unassigned	2,082,995			
Total fund balances	<u>2,254,926</u>	<u>139,671</u>	<u>575,237</u>	<u>152,693</u>
Total liabilities and fund balances	<u>\$ 2,834,534</u>	<u>\$ 5,396,802</u>	<u>\$ 611,705</u>	<u>\$ 242,069</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET (CONTINUED)
June 30, 2021

	Highway 1 Program Fund	Highway 1 Auxiliary Fund	Cruz 511 Fund	Active Transportation MBSST Fund	Totals
ASSETS					
Cash and investments	\$ 160,502	\$ 697,193	\$ 435,759	\$ 146,581	\$ 4,457,442
Accounts receivable				49,006	66,068
Due from other agencies		1,691,904	41,340	40,000	6,448,863
Due from fiduciary funds		1,168,099	14,446	1,684,251	3,775,140
Due from other funds					294,747
Deposits held by others					10,866
Prepaid items			29,845		190,910
Total assets	<u>\$ 160,502</u>	<u>\$ 3,557,196</u>	<u>\$ 521,390</u>	<u>\$ 1,919,838</u>	<u>\$ 15,244,036</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,295,847	\$ 14,446	\$ 387,329	\$ 2,810,879
Accrued payroll					131,134
Unearned revenue		125,000		70,000	426,052
Due to other agencies		788,140		1,318,040	2,249,856
Due to fiduciary funds		1,183,390		3,163	5,235,270
Due to other funds					294,747
Total liabilities		<u>3,392,377</u>	<u>14,446</u>	<u>1,778,532</u>	<u>11,147,938</u>
Fund Balances:					
Nonspendable:					
Prepaid items			29,845		190,910
Deposits held by others					10,866
Restricted:					
Transportation planning	160,502	164,819	477,099	141,306	1,811,327
Unassigned					2,082,995
Total fund balances	<u>160,502</u>	<u>164,819</u>	<u>506,944</u>	<u>141,306</u>	<u>4,096,098</u>
Total liabilities and fund balances	<u>\$ 160,502</u>	<u>\$ 3,557,196</u>	<u>\$ 521,390</u>	<u>\$ 1,919,838</u>	<u>\$ 15,244,036</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, 2021

Total Fund Balances - Governmental Funds \$ 4,096,098

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 assets and accumulated depreciation.

Capital assets at historical cost	\$	20,020,822	
Accumulated depreciation		(154,809)	
Net			19,866,013

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	\$	379,111	
OPEB liability		3,187,432	
Net pension liability		1,692,619	
Total			(5,259,162)

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	\$	(100,615)	
Deferred inflows of resources relating to OPEB		(52,612)	
Deferred outflows of resources relating to OPEB		537,414	
Deferred outflows of resources relating to pensions		971,473	
			1,355,660

Total Net Position - Governmental Activities \$ 20,058,609

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, 2021

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund	Freeway Service Patrol Fund
Revenues				
Local Transportation Funds	\$ 1,281,891	\$ -	\$ -	\$ -
Motor vehicle fees			261,721	
California Department of Transportation Grant - SB1				80,397
RSTP Exchange Funds	182,709	3,138,093		
State Planning, Programming and Monitoring Funds	82,265			
Local Partnership Program Grant Caltrans Grant (FSP)				167,519
State Rural Planning Assistance	290,120			
Sustainable Transportation Grant CDFW	158,318			
Sustainable Transportation Grant WCB	162,479			
CalTrans SHA Grant	58,568			
FEMA		3,879,384		
Active Transportation Program				
Aid from other governments			46,395	
Land Trust				
Measure D	1,082,233	1,912,200	50,000	145,281
Use of money and property	9,957	73,547	4,287	399
Other	25,979	72,951		
Total revenues	3,334,519	9,076,175	362,403	393,596
Expenditures				
Salaries and benefits	1,743,530	251,389	92,774	79,606
Services and supplies	475,704	5,300,901	231,706	5,717
Bike Challenge	97,826			
Bike to Work	46,123			
Transit corridor alt analysis	233,105			
Community Traffic Safety Coalition	33,147			
Towing service				307,873
Regional Conservation Investment Study	125,595			
Measure D Administration	19,371			
Bike SC Project Paseo	33,452			
Scotts Creek Marsh	156,509			
SR9 San Lorenzo Valley Complete Streets	65,971			
RTP CEQA EIR	30,000			
Highway 17 Wildlife Crossing	518			
Other	5,009	3,935,429		
Capital outlay	6,555			
Total expenditures	3,072,415	9,487,719	324,480	393,196
Excess of revenues over (under) expenditures	262,104	(411,544)	37,923	400

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, 2021

	Highway 1 Program Fund	Highway 1 Auxiliary Lanes Fund	Cruz 511 Fund	Active Transportation MBSST Fund	Totals
Revenues					
Local Transportation Funds	\$ -	\$ -	\$ -	\$ -	\$ 1,281,891
Motor vehicle fees					261,721
California Department of Transportation Grant - SB1					80,397
RSTP Exchange Funds		320,000			3,640,802
State Planning, Programming and Monitoring Funds		2,297,641	196,390		2,576,296
Local Partnership Program Grant		720,807			720,807
Caltrans Grant (FSP)					167,519
State Rural Planning Assistance					290,120
Sustainable Transportation Grant CDFW					158,318
Sustainable Transportation Grant WCB					162,479
CalTrans SHA Grant					58,568
FEMA					3,879,384
Active Transportation Program				9,525	9,525
Aid from other governments					46,395
Land Trust				94,217	94,217
Measure D		2,866,167	89,437	3,524,198	9,669,516
Use of money and property	1,089	1,699	2,438	807	94,223
Other		8,756			107,686
Total revenues	1,089	6,215,070	288,265	3,628,747	23,299,864
Expenditures					
Salaries and benefits		252,104	134,487	635,277	3,189,167
Services and supplies		6,307,682	58,117	2,987,940	15,367,767
Bike Challenge					97,826
Bike to Work					46,123
Transit corridor alt analysis					233,105
Community Traffic Safety Coalition					33,147
Towing service					307,873
Regional Conservation Investment Study					125,595
Measure D Administration					19,371
Bike SC Project Paseo					33,452
Scotts Creek Marsh					156,509
SR9 San Lorenzo Valley Complete Streets					65,971
RTP CEQA EIR					30,000
Highway 17 Wildlife Crossing					518
Other					3,940,438
Capital outlay					6,555
Total expenditures		6,559,786	192,604	3,623,217	23,653,417
Excess of revenues over (under) expenditures	1,089	(344,716)	95,661	5,530	(353,553)

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS (Continued)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2021

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund	Freeway Service Patrol Fund
Other Financing Sources (Uses):				
Operating transfers in	\$ -	\$ 110,000	\$ -	\$ -
Operating transfers out	(110,000)		(50,000)	
Total other financing sources (uses)	(110,000)	110,000	(50,000)	
Excess of revenues and other sources over (under) expenditures and other uses	152,104	(301,544)	(12,077)	400
Fund balances - July 1	2,102,822	441,215	587,314	152,293
Prior period adjustment				
Fund balances - July 1, restated	2,102,822	441,215	587,314	152,293
Fund balances - June 30	<u>\$ 2,254,926</u>	<u>\$ 139,671</u>	<u>\$ 575,237</u>	<u>\$ 152,693</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, 2021

	Highway 1 Program Fund	Highway 1 Auxiliary Fund	Cruz 511 Fund	Active Transportation MBSST Fund	Totals
Other Financing Sources (Uses):					
Operating transfers in	\$ -	\$ -	\$ 50,000	\$ -	\$ 160,000
Operating transfers out					(160,000)
Total other financing sources (uses)			50,000		
Excess of revenues and other sources over (under) expenditures and other uses	1,089	(344,716)	145,661	5,530	(353,553)
Fund balances - July 1	159,413	954,535	361,283	135,776	4,894,651
Prior period adjustment		(445,000)			(445,000)
Fund balances - July 1, restated	159,413	509,535	361,283	135,776	4,449,651
Fund balances - June 30	<u>\$ 160,502</u>	<u>\$ 164,819</u>	<u>\$ 506,944</u>	<u>\$ 141,306</u>	<u>\$ 4,096,098</u>

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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, 2021

Net Change in Fund Balances - Governmental Funds	\$	(353,553)
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 \$6,555 was less than depreciation expense of \$9,676 in the period.		
		(3,121)
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 \$50,801.		
		(50,801)
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 year, the difference between accrual-basis pension costs and actual employer contributions was:		
		151,989
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:		
		(292,093)
Change in Net Position - Governmental Activities	\$	<u>(547,579)</u>

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, 2021

	Private Purpose Trust Funds			
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund	Measure D Fund
ASSETS				
Cash and investments	\$ 3,880,437	\$ -	\$ 7,436,293	\$ 30,226,631
Accounts receivable	2,127,923			4,835,283
Due from SCCRTC			3,119,153	2,116,117
Due from other agencies		1,033,171		
Deposits held by others				258,200
Prepays				29,845
Total assets	<u>6,008,360</u>	<u>1,033,171</u>	<u>10,555,446</u>	<u>37,466,076</u>
LIABILITIES				
Accounts payable				
Due to SCCRTC			381,612	3,393,528
Due to other agencies		1,033,171	546,000	2,426,752
Total liabilities		<u>1,033,171</u>	<u>927,612</u>	<u>5,820,280</u>
NET POSITION				
Held in trust for other governments	<u>\$ 6,008,360</u>	<u>\$ -</u>	<u>\$ 9,627,834</u>	<u>\$ 31,645,796</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, 2021

Pension (and Other Employee Benefits) Trust Funds

	<u>PERS Health Fund</u>	<u>In Lieu of Social Security Fund</u>	<u>Miscellaneous Deductions Fund</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 945	\$ -	\$ 6,632	\$ 41,550,938
Accounts receivable				6,963,206
Due from SCCRTC				5,235,270
Due from other agencies				1,033,171
Deposits held by others				258,200
Prepays				29,845
	<u>945</u>	<u>-</u>	<u>6,632</u>	<u>55,070,630</u>
Total assets				
LIABILITIES				
Accounts payable			365	365
Due to SCCRTC				3,775,140
Due to other agencies				4,005,923
	<u></u>	<u></u>	<u></u>	<u></u>
Total liabilities			365	7,781,428
NET POSITION				
Held in trust for other governments	<u>\$ 945</u>	<u>\$ -</u>	<u>\$ 6,267</u>	<u>\$ 47,289,202</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Private Purpose Trust Funds			
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund	Measure D Fund
Additions:				
Sales tax	\$ 11,096,338	\$ 3,525,215	\$ -	\$ 24,675,262
State highway exchange funds			3,469,338	
Contributions from SCCRTC				
SB1 Additional Gas Tax		738,201		
Other income			3,117,827	857,840
Interest	22,984	262	83,368	192,340
Total additions	11,119,322	4,263,678	6,670,533	25,725,442
Deductions:				
Claimants:				
Santa Cruz Metropolitan Transit District	7,096,904	4,169,773	200,000	3,839,507
Santa Cruz County Regional Transportation Commission	1,281,891		3,219,055	7,081,758
City of Capitola	197,749		501,000	351,956
City of Santa Cruz			2,854,832	2,620,710
City of Scotts Valley			310,000	333,330
County of Santa Cruz			2,322,806	3,462,359
City of Watsonville	46,248			1,030,722
Community Bridges	697,240	100,000		959,877
Volunteer Center	89,226			
University of California Santa Cruz			546,000	
Salaries and benefits				1,004,146
Services and supplies				357,095
Consultant services				70,728
Plan payments				
Total deductions	9,409,258	4,269,773	9,953,693	21,112,188
Change in net position	1,710,064	(6,095)	(3,283,160)	4,613,254
Net position - beginning of fiscal year	4,298,296	6,095	12,910,994	27,032,542
Net position - end of fiscal year	\$ 6,008,360	\$ -	\$ 9,627,834	\$ 31,645,796

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, 2021

Pension (and Other Employee Benefits) Trust Funds

	PERS Health Fund	In Lieu of Social Security Fund	Miscellaneous Deductions Fund	Totals
Additions:				
Sales tax	\$ -	\$ -	\$ -	\$ 39,296,815
State highway exchange funds				3,469,338
Contributions from SCCRTC			7,250	7,250
SB1 Additional Gas Tax				738,201
Other income			102	3,975,769
Interest				298,954
Total additions			7,352	47,786,327
Deductions:				
Claimants:				
Santa Cruz Metropolitan Transit District				15,306,184
Santa Cruz County Regional Transportation Commission				11,582,704
City of Capitola				1,050,705
City of Santa Cruz				5,475,542
City of Scotts Valley				643,330
County of Santa Cruz				5,785,165
City of Watsonville				1,076,970
Community Bridges				1,757,117
Volunteer Center				89,226
University of California Santa Cruz				546,000
Salaries and benefits				1,004,146
Services and supplies				357,095
Consultant services				70,728
Plan payments			9,806	9,806
Total deductions			9,806	44,754,718
Change in net position			(2,454)	3,031,609
Net position - beginning of fiscal year	945		8,721	44,257,593
Net position - end of fiscal year	\$ 945	\$ -	\$ 6,267	\$ 47,289,202

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, and the Rail/Trail Authority 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 meets 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, and No. 80.

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, and all nonmajor funds are aggregated into one 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 equity or retained earnings, 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 – 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 is 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, and 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' 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:

Equipment	3 to 7 years
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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.

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 general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the Commission.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Balances (Continued)

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 Employee's 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 7 and Note 9 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 7 and 9 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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Future Accounting Pronouncements

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

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement except for paragraphs 6-9 are effective for fiscal years beginning after December 15, 2019. Paragraphs 6-9 are effective for fiscal years beginning after June 15, 2021.

NOTE 2 – CASH AND INVESTMENTS

The Commission maintains all 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, 2021, the Commission had the following cash and investments on hand:

Cash in bank and on hand	\$ 145,929
Cash and investments with the Santa Cruz County Treasurer's Investment Fund	<u>45,862,451</u>
Total cash and investments	<u>\$ 46,008,380</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

Cash and investments, statement of net position	\$ 4,457,442
Cash and investments, statement of fiduciary net position	41,550,938
Total cash and investments	<u>\$ 46,008,380</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 had investments in the Santa Cruz County Investment Pool, this external pool is measured under Level 2.

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. One of the ways that the Commission manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by the table on the following page 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	\$ 45,862,451	\$ 45,862,451	\$ -	\$ -	\$ -
Total	<u>\$ 45,862,451</u>	<u>\$ 45,862,451</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	\$ 45,862,451	N/A	\$ -	\$ -	\$ -	\$ 45,862,451
Total	<u>\$ 45,862,451</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,862,451</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (Continued)

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.

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, 2021:

Agency	Special Revenue Funds					
	Administration and Planning Fund	Rail/Authority Fund	Service Authority for Emergencies Fund	Freeway Service Patrol Fund	Highway 1 Program Fund	Highway 1 Auxiliary Fund
State grants (DOT)	\$ 510,409	\$ -	\$ -	\$ 197,465	\$ -	\$ 1,691,904
Federal grants (DOT)		3,900,964	66,781			
Totals	<u>\$ 510,409</u>	<u>\$ 3,900,964</u>	<u>\$ 66,781</u>	<u>\$ 197,465</u>	<u>\$ -</u>	<u>\$ 1,691,904</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – DUE FROM OTHER AGENCIES (Continued)

Special Revenue Funds (cont)			Fiduciary Funds			
Agency	Cruz 511 Fund	Active Transportation MBSST Fund	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund	Measure D Fund
State grants (DOT)	\$ 41,340	\$ 40,000	\$ -	\$ 1,033,171	\$ -	\$ -
Federal grants (DOT)						
Totals	<u>\$ 41,340</u>	<u>\$ 40,000</u>	<u>\$ 0</u>	<u>\$ 1,033,171</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 4 – INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Due From/Due To Other Funds

Interfund receivable and payable balances at June 30, 2021, are as follows:

	Interfund Receivables	Interfund Payables
Major Funds:		
Administration and Planning	\$ 294,747	\$ -
Rail/Trail Authority		260,702
Freeway Service Patrol		34,045
	<u>\$ 294,747</u>	<u>\$ 294,747</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2020-2021 fiscal year, are as follows:

	Transfers In	Transfers Out
Major Funds:		
Administration and Planning	\$ -	\$ 110,000
Rail/Trail Authority	110,000	
Service Authority for Freeway Emergencies		50,000
Cruz 511	50,000	
	<u>\$ 160,000</u>	<u>\$ 160,000</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities				
Nondepreciable capital assets				
Right of way	\$ 14,200,000	\$ -	\$ -	\$ 14,200,000
Construction in progress	5,648,411			5,648,411
Total nondepreciable capital assets	<u>\$ 19,848,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,848,411</u>
Depreciable capital assets				
Equipment	\$ 178,163	\$ 6,555	\$ 12,307	\$ 172,411
Total depreciable capital assets	178,163	6,555	12,307	172,411
Less accumulated depreciation	(157,440)	(9,676)	(12,307)	(154,809)
Net depreciable capital assets	<u>\$ 20,723</u>	<u>\$ (3,121)</u>	<u>\$ -</u>	<u>\$ 17,602</u>
Net capital assets	<u>\$ 19,869,134</u>	<u>\$ (3,121)</u>	<u>\$ -</u>	<u>\$ 19,866,013</u>

NOTE 6 – LONG-TERM LIABILITIES

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, is shown below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year
Governmental activities					
Compensated Absences	\$ 328,310	\$ 206,831	\$ 156,030	\$ 379,111	\$ -
OPEB Liability	2,732,914	529,117	74,599	3,187,432	
Net Pension Liability	<u>1,665,720</u>	<u>467,111</u>	<u>440,212</u>	<u>1,692,619</u>	
Governmental activities					
Long-term liabilities	<u>\$ 4,726,944</u>	<u>\$ 1,203,059</u>	<u>\$ 670,841</u>	<u>\$ 5,259,162</u>	<u>\$ -</u>

NOTE 7 – 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, 2021

NOTE 7 – 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, 2021, 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	6.906%	6.750%
Required employer contribution rates	10.221% + \$115,986	6.985% + \$1,884

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 is 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 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 \$725,030 for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the Commission reported a liability of \$1,692,619 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2020, the Commission's proportion was 0.04013%, which decreased by 0.00147% from June 30, 2019.

For the year ended June 30, 2021, the Commission recognized pension expense of \$573,041. 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, 2021, 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, 2021

NOTE 7 – 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	\$ 725,030	\$ -
Differences between expected and actual experience	87,226	
Changes in assumptions		12,072
Net difference between projected and actual earnings on retirement plan investments	50,282	
Adjustment due to differences in proportions		88,543
Difference in actual contributions and proportionate share of contributions	108,935	
	<u>\$ 971,473</u>	<u>\$ 100,615</u>

\$725,030 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 year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

Fiscal Year Ending June 30	Amount
2022	\$ 57,793
2023	37,635
2024	26,283
2025	24,117
	<u>\$ 145,828</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.0% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% Scale MP 2016 published by the Society of Actuaries. For more details on this table please refer to the 2017 experience study report.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – 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 7.15%. 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation.

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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits were calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – PENSION PLAN (Continued)

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

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 7.15 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 (6.15 percent) or 1 percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
District's proportionate share of the net pension plan liability	\$3,205,846	\$ 1,692,619	\$ 442,287

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, 2021, the Commission had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2021.

NOTE 8 – 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 9 – 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Plan Description (Continued)

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 are not equal to the corresponding active caps and are projected to remain unequal.

Employees Covered

As of the July 1, 2019, actuarial valuation, the following current and former employees were covered by the benefit terms under the Commission's Plan:

Active plan members	18
Inactive employees or beneficiaries currently receiving benefits	<u>10</u>
Total	<u><u>28</u></u>

The Commission currently finances benefits on a pay-as-you-go basis.

Total OPEB Liability

The Commission's total OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation dated July 1, 2019. 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	1.92%
Inflation	3.00%
Salary Increases	3.00%
Mortality Rate	Mortality rates from 2017 CalPERS Experience Study
Healthcare Trend Rate	5.70% decreasing to 5.00% for 2028 and later years

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

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. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. To achieve the goal set by the investment policy, plan assets will be managed to earn, on a long-term basis, a rate of return equal to or in excess of the target rate of return of 1.92 percent.

Change in assumptions. For the June 30, 2021 measurement date, the discount rate was decreased from 2.45 percent to 1.92 percent. The medical cost trend rate decreased from 5.80 percent to 5.70 percent.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability (Continued)

Discount rate. GASB 75 requires a discount rate that reflects the following:

- a) 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;
- b) 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 District's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long Term Expected Return of Plan Investments	Municipal 20 Year High Grade Rate Index	Discount Rate
June 30, 2020	June 30, 2020	4.00%	2.45%	2.45%
June 30, 2021	June 30, 2021	4.00%	1.92%	1.92%

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020 (Valuation Date June 30, 2019)	<u>\$ 2,732,914</u>
Changes recognized for the measurement period:	
Service cost	211,434
Interest	71,228
Changes of assumptions	246,455
Benefit payments	<u>(74,599)</u>
Net Changes	<u>454,518</u>
Balance at June 30, 2021 (Measurement Date June 30, 2021)	<u><u>\$ 3,187,432</u></u>

Sensitivity of the OPEB liability to changes in the discount rate. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.92 percent) or 1 percentage-point higher (2.92 percent) than the current discount rate:

	1% Decrease 0.92%	Discount Rate 1.92%	1% Increase 2.92%
OPEB Liability	\$ 3,739,191	\$ 3,187,432	\$ 2,744,714

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the OPEB liability to changes in the healthcare trend rates. The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rates that are 1 percentage-point lower (4.70 percent) or 1 percentage-point higher (6.70 percent) than the current healthcare cost trend rates:

	1% Decrease (4.70% Decreasing to 4.00%)	Healthcare Cost Trend Rate (5.70%) Decreasing to 5.00%)	1% Increase (6.70%) Decreasing to 6.00%)
OPEB Liability	\$ 2,632,378	\$ 3,187,432	\$ 3,908,223

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

For the fiscal year ended June 30, 2021, the Commission recognized OPEB expense of \$366,692. As of the fiscal year ended June 30, 2021, 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	\$ -	\$ 7,950
Change in assumptions	537,414	44,662
	<u>\$ 537,414</u>	<u>\$ 52,612</u>

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

Fiscal Year Ending June 30,	Amount
2022	\$ 84,030
2023	84,030
2024	93,635
2025	80,914
2026	80,914
Thereafter	61,279
	<u>\$ 484,802</u>

NOTE 10 – 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, 2021, the Santa Cruz County Regional Transportation Commission received \$738,201. The funding was distributed to the Santa Cruz Metropolitan Transit District.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – EXCESS EXPENDITURES OVER APPROPRIATIONS

The Commission spent \$2,257,677 more than appropriated in the Rail/Trail Authority Fund for the year ended June 30, 2021.

NOTE 12 – PRIOR-PERIOD ADJUSTMENT

A prior-period adjustment of (\$445,000) was made to the governmental activities and to the Highway 1 Auxiliary Lanes Fund for State RSTP Exchange funding recognized in the prior year that was received in the prior year but was not spent and earned as of June 30, 2020.

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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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Transportation Funds	\$ 1,147,062	\$ 1,224,372	\$ 1,281,891	\$ 57,519
RSTP Exchange	201,155	201,155	182,709	(18,446)
State Planning, Programming and Monitoring Funds	164,097	144,579	82,265	(62,314)
State Rural Planning Assistance	337,000	376,518	290,120	(86,398)
Sustainable Transportation Grant CDFW	145,600	225,612	158,318	(67,294)
Sustainable Transportation Grant WCB	217,220	217,220	162,479	(54,741)
CalTrans SHA Grant	58,567	58,568	58,568	
Measure D	1,187,841	389,288	1,082,233	692,945
Use of money and property			9,957	9,957
Other		376,518	25,979	(350,539)
Total revenues	3,458,542	3,213,830	3,334,519	120,689
Expenditures				
Salaries and benefits	1,979,105	1,791,470	1,743,530	47,940
Services and supplies	1,286,878	2,499,515	475,704	2,023,811
Bike Challenge	125,000	100,000	97,826	2,174
Bike to Work	49,585	49,585	46,123	3,462
Transit corridor alt analysis			233,105	(233,105)
Community Traffic Safety Coalition	107,435	107,435	33,147	74,288
Regional Conservation Investment Study			125,595	(125,595)
Measure D Administration			19,371	(19,371)
Bike SC Project Paseo	50,000	50,000	33,452	16,548
Scotts Creek Marsh			156,509	(156,509)
SR9 San Lorenzo Valley Complete Streets			65,971	(65,971)
RTP CEQA EIR		30,000	30,000	
Highway 17 Wildlife Crossing			518	(518)
Other		15,000	5,009	9,991
Capital outlay			6,555	(6,555)
Total expenditures	3,598,003	4,643,005	3,072,415	1,570,590
Excess of revenues over (under) expenditures	(139,461)	(1,429,175)	262,104	1,691,279
Other Financing Sources (Uses):				
Operating transfers in	282,717			
Operating transfers out	(110,000)	(110,000)	(110,000)	
Total other financing sources (uses)	172,717	(110,000)	(110,000)	
Change in fund balance	33,256	(1,539,175)	152,104	1,691,279
Fund balance - July 1	2,102,822	2,102,822	2,102,822	
Fund balance - June 30	\$ 2,136,078	\$ 563,647	\$ 2,254,926	\$ 1,691,279

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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
				Positive (Negative)
Revenues				
Measure D	\$ 1,505,240	\$ 1,505,240	\$ 1,912,200	\$ 406,960
Use of money and property	76,000	70,000	73,547	3,547
RSTP Exchange	260,790	163,583	3,138,093	2,974,510
FEMA	2,330,463	5,381,219	3,879,384	(1,501,835)
Other revenue			72,951	72,951
Total revenues	4,172,493	7,120,042	9,076,175	1,956,133
Expenditures				
Salaries and benefits	350,000	350,000	251,389	98,611
Services and supplies	3,913,640	6,880,042	5,300,901	1,579,141
Other			3,935,429	(3,935,429)
Total expenditures	4,263,640	7,230,042	9,487,719	(2,257,677)
Excess of revenues over (under) expenditures	(91,147)	(110,000)	(411,544)	(301,544)
Other Financing Sources (Uses):				
Operating transfers in	110,000	110,000	110,000	
Total other financing sources (uses)	110,000	110,000	110,000	
Excess of revenues and other sources over (under) expenditures and other uses	18,853		(301,544)	(301,544)
Fund balance - July 1	441,215	441,215	441,215	
Fund balance - June 30	\$ 460,068	\$ 441,215	\$ 139,671	\$ (301,544)

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Motor vehicle fees	\$ 257,750	\$ 257,750	\$ 261,721	\$ 3,971
Aid from other governments	50,000	50,000	46,395	(3,605)
Measure D	50,000	50,000	50,000	
Use of money and property	3,000	3,000	4,287	1,287
Total revenues	360,750	360,750	362,403	1,653
Expenditures				
Salaries and benefits	134,000	134,000	92,774	41,226
Services and supplies	239,550	239,550	231,706	7,844
Total expenditures	373,550	373,550	324,480	49,070
Excess of revenues over (under) expenditures	(12,800)	(12,800)	37,923	50,723
Other Financing Sources (Uses):				
Operating 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	(62,800)	(62,800)	(12,077)	50,723
Fund balance - July 1	587,314	587,314	587,314	
Fund balance - June 30	<u>\$ 524,514</u>	<u>\$ 524,514</u>	<u>\$ 575,237</u>	<u>\$ 50,723</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
California Department of Transportation Grant - SB1	\$ 117,389	\$ 117,389	\$ 80,397	\$ (36,992)
Caltrans Grant (FSP)	183,618	183,618	167,519	(16,099)
Measure D	150,000	150,000	145,281	(4,719)
Use of money and property			399	399
Total revenues	<u>451,007</u>	<u>451,007</u>	<u>393,596</u>	<u>(57,411)</u>
Expenditures				
Salaries and benefits	86,500	86,500	79,606	6,894
Services and supplies	17,200	17,200	5,717	11,483
Towing service	<u>347,307</u>	<u>347,307</u>	<u>307,873</u>	<u>39,434</u>
Total expenditures	<u>451,007</u>	<u>451,007</u>	<u>393,196</u>	<u>57,811</u>
Excess of revenues over (under) expenditures			400	400
Fund balance - July 1	<u>152,293</u>	<u>152,293</u>	<u>152,293</u>	
Fund balance - June 30	<u>\$ 152,293</u>	<u>\$ 152,293</u>	<u>\$ 152,693</u>	<u>\$ 400</u>

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ -	\$ -	\$ 1,089	\$ 1,089
Excess of revenues over (under) expenditures			1,089	1,089
Fund balance - July 1	159,413	159,413	159,413	
Fund balance - June 30	<u>\$ 159,413</u>	<u>\$ 159,413</u>	<u>\$ 160,502</u>	<u>\$ 1,089</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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 1,699	\$ 1,699
RSTP Exchange Funds	445,000	445,000	320,000	(125,000)
State Planning, Programming and Monitoring Funds	1,750,000	1,578,847	2,297,641	718,794
Local Partnership Program Grant		1,190,000	720,807	(469,193)
Measure D	5,447,809	5,711,391	2,866,167	(2,845,224)
Other	7,950	7,950	8,756	806
Total revenues	<u>7,650,759</u>	<u>8,933,188</u>	<u>6,215,070</u>	<u>(2,718,118)</u>
Expenditures				
Salaries and benefits	851,000	587,950	252,104	335,846
Services and supplies	<u>6,799,759</u>	<u>8,345,238</u>	<u>6,307,682</u>	<u>2,037,556</u>
Total expenditures	<u>7,650,759</u>	<u>8,933,188</u>	<u>6,559,786</u>	<u>2,373,402</u>
Excess of revenues over (under) expenditures			<u>(344,716)</u>	<u>(344,716)</u>
Fund balance - July 1	954,535	954,535	954,535	
Prior period adjustment			<u>(445,000)</u>	<u>(445,000)</u>
Fund balance - July 1, restated	<u>954,535</u>	<u>954,535</u>	<u>509,535</u>	<u>(445,000)</u>
Fund balance - June 30	<u>\$ 954,535</u>	<u>\$ 954,535</u>	<u>\$ 164,819</u>	<u>\$ (789,716)</u>

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, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget
				Positive (Negative)
Revenues				
State Planning, Programming and Monitoring Funds	\$ 131,100	\$ 196,369	\$ 196,390	\$ 21
RSTP Exchange Funds	49,754	169,590		(169,590)
Aid from other governments				
Measure D	250,000	250,000	89,437	(160,563)
Use of money and property	4,000	4,000	2,438	(1,562)
Other				
Total revenues	434,854	619,959	288,265	(331,694)
Expenditures				
Salaries and benefits	213,663	213,663	134,487	79,176
Services and supplies	200,100	208,100	58,117	149,983
Total expenditures	413,763	421,763	192,604	229,159
Excess of revenues over (under) expenditures	21,091	198,196	95,661	(102,535)
Other Financing Sources (Uses):				
Operating 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	71,091	248,196	145,661	(102,535)
Fund balance - July 1	361,283	361,283	361,283	
Fund balance - June 30	\$ 432,374	\$ 609,479	\$ 506,944	\$ (102,535)

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
RSTP Exchange Funds	\$ 300,000	\$ 230,000	\$ -	\$ (230,000)
Active Transportation Program		22,000	9,525	(12,475)
Land Trust	500,000	500,000	94,217	(405,783)
Measure D	5,137,068	5,398,568	3,524,198	(1,874,370)
Use of money and property			807	807
Total revenues	<u>5,937,068</u>	<u>6,150,568</u>	<u>3,628,747</u>	<u>(2,521,821)</u>
Expenditures				
Salaries and benefits	467,585	642,585	635,277	7,308
Services and supplies	<u>5,469,483</u>	<u>5,577,983</u>	<u>2,987,940</u>	<u>2,590,043</u>
Total expenditures	<u>5,937,068</u>	<u>6,220,568</u>	<u>3,623,217</u>	<u>2,597,351</u>
Excess of revenues over (under) expenditures		(70,000)	5,530	75,530
Fund balance - July 1	<u>135,776</u>	<u>135,776</u>	<u>135,776</u>	
Fund balance - June 30	<u>\$ 135,776</u>	<u>\$ 65,776</u>	<u>\$ 141,306</u>	<u>\$ 75,530</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last 10 Years*
As of June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 211,434	\$ 177,210	\$ 113,898	\$ 121,414
Interest on the total OPEB liability	71,228	76,179	69,300	60,196
Actual and expected experience difference		(10,840)		
Changes in assumptions	246,455	357,350	139,953	(133,982)
Change in benefit items				
Benefit payments	<u>(74,599)</u>	<u>(72,998)</u>	<u>(62,470)</u>	<u>(50,598)</u>
Net change in total OPEB liability	454,518	526,901	260,681	(2,970)
 Total OPEB liability - beginning	 2,732,914	 2,206,013	 1,945,332	 1,948,302
Total OPEB liability - ending	<u>\$ 3,187,432</u>	<u>\$ 2,732,914</u>	<u>\$ 2,206,013</u>	<u>\$ 1,945,332</u>
 Covered payroll	 \$ 1,961,919	 \$ 1,880,332	 \$ 1,888,097	 \$ 1,374,598
 Total OPEB liability as a percentage of covered payroll	 162.47%	 145.34%	 116.84%	 141.52%

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

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF OPEB CONTRIBUTIONS
Last 10 Years*
As of June 30, 2021

The Commission's contribution for the fiscal year ended June 30, 2021 was \$74,599. The Commission did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2021, therefore the Commission does not need to comply with GASB 75's Required Supplementary Information requirements.

The Commission's contribution for the fiscal year ended June 30, 2020 was \$72,998. The Commission did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2020, therefore the Commission does not need to comply with GASB 75's Required Supplementary Information requirements.

The Commission's contribution for the fiscal year ended June 30, 2019 was \$62,470. The Commission did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2019, therefore the Commission does not need to comply with GASB 75's Required Supplementary Information requirements.

The Commission's contribution for the fiscal year ended June 30, 2018 was \$50,598. The Commission did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2018, therefore the Commission does not need to comply with GASB 75's Required Supplementary Information requirements.

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

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Last 10 Years*
 As of June 30, 2021

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

	2021	2020	2019	2018
Proportion of the net pension liability	0.01556%	0.01626%	0.01717%	0.01902%
Proportionate share of the net pension liability	\$ 1,692,619	\$ 1,665,720	\$ 1,654,850	\$ 1,886,393
Covered payroll	\$ 1,880,332	\$ 2,081,870	\$ 1,590,897	\$ 1,541,379
Proportionate share of the net pension liability as percentage of covered payroll	90.02%	80.01%	104.02%	122.38%
Plan's total pension liability	\$ 43,702,930,887	\$ 41,426,453,489	\$ 38,944,855,364	\$ 37,161,348,332
Plan's fiduciary net position	\$ 32,822,501,335	\$ 31,179,414,067	\$ 29,308,589,559	\$ 27,244,095,376
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%
	2017	2016	2015	
Proportion of the net pension liability	0.01925%	0.01875%	0.02073%	
Proportionate share of the net pension liability	\$ 1,665,777	\$ 1,286,988	\$ 1,289,646	
Covered payroll	\$ 1,523,462	\$ 1,351,432	\$ 1,333,752	
Proportionate share of the net pension liability as percentage of covered payroll	109.34%	95.23%	96.69%	
Plan's total pension liability	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631	
Plan's fiduciary net position	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515	
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%	

Note to Schedule:

Change in assumptions

In 2018, inflation was changed from 2.75 percent to 2.50 percent and individual salary increases and overall payroll growth was reduced from 3.00 percent to 2.75 percent.

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65 percent to 7.15 percent.

In 2016, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as change in assumptions resulted primarily from adjustments to expected ages of general employees.

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 Years*

As of June 30, 2021

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution (actuarially determined)	\$ 725,030	\$ 440,212	\$ 443,077	\$ 552,504
Contribution in relation to the actuarially determined contributions	<u>(725,030)</u>	<u>(440,212)</u>	<u>(443,077)</u>	<u>(552,504)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,967,823	\$ 1,880,332	\$ 2,081,870	\$ 1,590,897
Contributions as a percentage of covered payroll	36.84%	23.41%	21.28%	34.73%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Contractually required contribution (actuarially determined)	\$ 267,135	\$ 214,636	\$ 170,439	
Contribution in relation to the actuarially determined contributions	<u>(267,135)</u>	<u>(214,636)</u>	<u>(170,439)</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered payroll	\$ 1,541,379	\$ 1,523,462	\$ 1,351,432	
Contributions as a percentage of covered payroll	17.33%	14.09%	12.61%	

Notes to Schedule

Valuation Date: 6/30/2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal

Amorization method/period For details, see the June 30, 2017 funding valuation report.

Discount rate 7.15%

Payroll growth 3.00%

Price inflation 2.63%

Salary increases Varies by entry age and years of service.

Mortality The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Retirement age The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

*- Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

SUPPLEMENTARY INFORMATION SECTION



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

Santa Cruz County Regional Transportation Commission
Santa Cruz, California

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Santa Cruz County Regional Transportation Commission's (the Commission) 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, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Commission's compliance based on our audit of the compliance with applicable statutes, rules and regulations of the Transportation Development Act (TDA), Sections 99233.1 and 99402, the California Code of Regulations (CCR), and the allocation instructions and resolutions of Santa Cruz County Regional Transportation Commission as required by Section 6662 and 6666 of the CCR. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Transportation Development Act Guidebook*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the Fund occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Compliance with the Transportation Development Act

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, 2021.

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

Moss, Levy & Hartzheim LLP

Santa Maria, California
March 9, 2022



INDEPENDENT AUDITORS' REPORT ON MEASURE D COMPLIANCE

Santa Cruz County Regional Transportation Commission
Santa Cruz, California

We have audited the financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of the Santa Cruz County Regional Transportation Commission's (the Commission) compliance with the types of compliance requirements described in *Ordinance No. 2016-01* (Measure D), applicable for the fiscal year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to Measure D.

Auditors' Responsibility

Our responsibility is to express an opinion on the Commission's compliance based on our audit of the compliance with applicable statutes, rules and regulations of Measure D. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Ordinance No. 2016-01*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the state laws and regulations applicable to the Fund occurred. An audit includes examining, on a test basis, evidence about the Fund's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance.

Opinion on Compliance with Measure D

In our opinion, the funds allocated to and received by Santa Cruz County Regional Transportation Commission pursuant to Measure D, complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements of Measure D of Santa Cruz County Regional Transportation Commission for the fiscal year ended June 30, 2021.

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

Moss, Levy & Hartzheim LLP

Santa Maria, California
March 9, 2022

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2021

Claimant/Purpose/Authority*	Allocated Balance July 1, 2020	Allocation	Expended	Allocated Balance June 30, 2021
Santa Cruz Metropolitan Transit District				
Transit operator assistance PUC § 99260(a)	\$ -	\$ 7,096,904	\$ 7,096,904	\$ -
Totals		7,096,904	7,096,904	
Santa Cruz County Regional Transportation Commission				
Administration PUC § 99233.1		532,283	532,283	
Planning PUC § 99402		614,779	614,779	
Pedestrian and bicycle PUC § 99400 (a)		134,829	134,829	
Totals		1,281,891	1,281,891	
City of Santa Cruz				
Volunteer Center and Community Bridges PUC § 99400 (c)		780,245	786,466	(6,221)
Pedestrian and bicycle PUC § 99400 (a)	352,038	101,348	46,247	407,139
Totals	352,038	881,593	832,713	400,918
County of Santa Cruz				
Pedestrian and bicycle PUC § 99400 (a)	762,508	205,940		968,448
Totals	762,508	205,940		968,448
City of Scotts Valley				
Pedestrian and bicycle PUC § 99400 (a)	42,072	18,607		60,679
Totals	42,072	18,607		60,679
City of Capitola				
Pedestrian and bicycle PUC § 99400 (a)	233,392	15,770	197,749	51,413
Totals	233,392	15,770	197,749	51,413
City of Watsonville				
Pedestrian and bicycle PUC § 99400 (a)	676,767	81,657	337,920	420,504
Totals	676,767	81,657	337,920	420,504
Grand totals	\$ 2,066,777	\$ 9,582,362	\$ 9,747,177	\$ 1,901,962

* 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, 2021

Claimant/Purpose/Authority*	Allocated Balance July 1, 2020	Allocation	Expended	Allocated Balance June 30, 2021
Santa Cruz Metropolitan Transit District				
Transit operator assistance CAC § 6730 a	\$ 1,223,263	\$ 3,954,682	\$ 4,169,774	\$ 1,008,171
Total	<u>\$ 1,223,263</u>	<u>\$ 3,954,682</u>	<u>\$ 4,169,774</u>	<u>\$ 1,008,171</u>
City of Santa Cruz				
Community Bridges CAC § 6730 a	\$ 25,000	\$ 100,000	\$ 100,000	\$ 25,000
	<u>\$ 25,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 25,000</u>