

**SANTA CRUZ COUNTY REGIONAL TRANSPORTATION
COMMISSION
MEASURE D FUND**

FINANCIAL STATEMENTS
June 30, 2018

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
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June 30, 2018

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Measure D Fund of Santa Cruz County Regional Transportation Commission, as of and for the fiscal year ended June 30, 2018, and the related notes to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure D Fund of Santa Cruz County Regional Transportation Commission, as of June 30, 2018, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure D Fund and do not purport to, and do not present fairly the financial position of the Santa Cruz County Regional Transportation Commission, as of June 30, 2018, the changes in its financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 11 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Measure D Fund of Santa Cruz County Regional Transportation Commission's financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and is not a required part of the financial statements.

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

Moss, Remy & Hartshorn LLP

Santa Maria, California
November 30, 2018

**MANAGEMENT DISCUSSION & ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2018**

I. INTRODUCTION

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



1. Neighborhood Projects (Cities & County) – 30%
2. Highway Corridor – 25%
3. Transit/Paratransit (SCMTD and Community Bridges) – 20%
4. Active Transportation – 17%
5. Rail Corridor – 8%

The Santa Cruz County Regional Transportation Commission (the Commission) is the administrator of Measure D. A five-year program of projects showing how recipient agencies plan to use Measure D funds is updated and adopted annually by each agency receiving Measure D revenues. An annual audit of receipts and expenditures of each recipient is also required; and the audited reports are to be reviewed by an Oversight Committee of five members. The Commission received 35 applications for the Oversight Committee by the June 1, 2018 deadline. The Commission board selected members to serve on the Oversight Committee at its September 6, 2018 meeting.

II. Measure D Funded Projects in FY 2017/2018

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

Regional Projects:

Monterey Bay Sanctuary Scenic Trail Network (MBSST)

1. Commission staff provided oversight and technical assistance for implementation of the Monterey Bay Sanctuary Scenic Trail Network (MBSST). This included coordination with local jurisdictions and Central Federal Lands of the Federal Highways Administration who are implementing specific sections of the trail network.
2. Segment 7 from Natural Bridges Drive to Bay St/California Avenue in the City of Santa Cruz: CEQA Environmental review and design were completed. Construction, which is funded in-part by Measure D, is scheduled for FY 2018/19.
3. North Coast section from Davenport to Wilder Ranch State Park (Segment 5): Draft environmental document prepared, released for public review in Summer 2018.
4. San Lorenzo River Trestle Widening project, which will improve access for bicycles and pedestrians traveling next to the railroad tracks near the Boardwalk in Santa Cruz: Environmental review and design work was conducted and construction, which is funded in-part by Measure D, is slated for completion before Memorial Day 2019.
5. Segment 18, Watsonville: Environmental review and design work conducted during FY 2017/18. Construction, which is funded in-part by Measure D, is scheduled for FY 2019/20.

Cruz511 Program

The Cruz511 program is a traveler resource and transportation demand management program. In FY 2017/18, the Commission continued to provide rideshare, transit, bicycle, and traffic information to the public, primarily through the www.Cruz511.org website. In spring of 2018 staff conducted outreach to provide traffic safety messaging and active transportation mapping resources to community members throughout the county. Staff is currently seeking grant funding to provide a more robust demand management program.

Rail

- Storm damage repairs and clean up for areas that do not require engineering services is underway.
- The Commission continues to work on the completion of the Unified Corridor Investment Study to answer community questions about possible uses of the Rail Line. Public input was collected and analysis conducted on various scenarios with different combinations of projects.
- The Commission entered into an agreement for engineering services necessary to make storm damage repairs to the Santa Cruz Branch Rail Line right-of-way. Designs have been produced and the Commission is now in the process of obtaining the necessary permits to initiate the construction work.

Highway Projects:

Auxiliary Lanes

Review of the final environmental document for auxiliary lanes between 41st Avenue and Soquel Drive will be completed soon and the final document should be issued in December 2018. The Commission, working closely with the County of Santa Cruz and Caltrans, is accelerating design work for construction of auxiliary lanes between 41st Avenue and Soquel Drive, and a bicycle/pedestrian overcrossing at Chanticleer Avenue. Final design began in September of 2018 with construction anticipated to begin in 2020.

Neighborhood Projects

Capitola, Santa Cruz, Scotts Valley, Watsonville and County public works departments repaired several local roads and improved bicycle and pedestrian facilities throughout the county during FY 2017/18.

1. County of Santa Cruz:

- 2018 Neighborhood Resurfacing: resurfacing projects located in Boulder Creek Neighborhood, La Selva Beach Neighborhood, Martin Road, and Miller Road and Miller Cutoff Road commenced in June 2018.

2. City of Capitola:

- Highway 1 Interchange Enhanced Bike Lane Improvement project – completed September 2017. This project installed green bike lane markings and related signs at Highway 1 interchanges in Capitola at 41st Avenue, Bay/Porter, and Park Avenue.
- Design work for the Slurry Seal Program which will complete pavement repairs and apply a slurry seal on sections of Wharf Road, 46th Avenue, Prospect Avenue, Capitola Avenue, Pine Street, Plum Street, Burlingame Avenue, Del Monte Avenue, and Pilgrim Drive. Construction is scheduled for fall 2018.



Green bike lane, Capitola

3. City of Santa Cruz:

- Citywide Street Reconstruction – the City is repaving several roadways citywide.
- Active Transportation Projects: Measure D funds are being used on several active transportation projects including: Delaware bike lane enhancements, includes buffers and treatments along the nearly 2 mile roadway; Mission Street Extension sidewalk infill, near PCS High School; Poplar Street sidewalk infill, near Branciforte

Middle School; improved crossings at Palm and Seaside, near Bayview Elementary; and new green bike markings along Bay from Escalona Dr. to Anthony St.

- Downtown Bike Locker Replacement Program: Measure D funds have been used to replace 16 bicycle lockers.

4. City of Scotts Valley:

- Mt. Hermon Road/Scotts Valley Drive/Whispering Pines Drive Intersection Operations Improvement Project was constructed during FY 2017/18. The project provides additional space for vehicles turning left from northbound Mt. Hermon Road to Whispering Pines Drive, resynchronized intersection timing and improves pedestrian and bicycle safety with improvements to sidewalks, curb ramps, striping, green lanes, and other pavement markings.
- Infill Sidewalks: Design work done for construction of new sidewalks on Kings Village Road.
- Pavement Rehabilitation and Bicycle Paths – Green Hills Rd: started construction in June 2018.



Green Hill Road, Scotts Valley

5. City of Watsonville:

- Bicycle and pedestrian safety training at citywide elementary schools; including Bike Smart, Walk Smart, and Earn-a-bike programs.
- Pedestrian and Traffic Safety and Downtown Revitalization efforts, including - pedestrian safety flashing beacon installed on Main St and lighting through downtown.

6. Highway 17 Wildlife Crossing:

Caltrans completed environmental review and initiated design of the Highway 17 Wildlife Crossing, using State Highway Operation and Protection Program (SHOPP) funds. Caltrans held a community meeting on the preferred design in May 2018. \$5 million from Measure D will be used for the construction phase of the project. The Land Trust of Santa Cruz County has kicked off its fundraising campaign for funds needed to match Measure D funds allocated to the project.

7. Highway 9 Corridor Investments:

The Commission, working with Caltrans, the County of Santa Cruz, Santa Cruz METRO and the community are preparing a corridor plan, identifying priority projects for implementation. Measure D revenues will be used to leverage grants for priority projects.

Transit/Paratransit

- 1. Santa Cruz Metro:** METRO has acquired 18 new vehicles to replace aging vehicles with more efficient and cleaner running equipment. Acquisition of the new vehicles was made possible with funds from Measure D and SB1. The new vehicles include three Paul Revere buses, three ParaCruz Cut-Away buses and 12 ParaCruz Vans.
- 2. Lifeline Community Bridges:** Service was expanded from 5 to 7 days per week. Additional public outreach was conducted to promote paratransit ride availability. Staff were also hired to support safety and service training for additional paratransit drivers, and to provide additional support for scheduling and dispatching rides.

III. FINANCIAL STATEMENTS

The financial statements of Measure D are on accrual basis, as the revenues are recorded when earned and expenditures are recognized when incurred. Measure D, the Fund, is divided into seven subfunds – Measure D - Unallocated; Administration and Implementation; Neighborhood; Highway Corridor; Transit/Para-transit; Active Transportation; and Rail Corridor subfunds.

Measure D – Unallocated Subfund is a place holder where all Measure D proceeds are deposited prior to the distribution to other subfunds. This is the place to find total proceeds from the California Department of Tax and Fee Administration (formerly the Board of Equalization) and the amounts distributed to the Administration and Implementation; and to each of the five Investment Categories. Each subfund earns and keeps any interest earned due to the time lag between the deposit to the subfunds and the payment to recipients.

The interfund transactions were eliminated on the Statement of Net Position (page 12); and on the Statement of Changes in Net Position (page 13). The revenues represent actual Measure D proceeds received and any interest earned; the expenditures are actual payments sent to

recipients or vendors – these are not inter-fund payments. Funds not actually paid (which have not left Measure D Fund) comprise the Net Position.

IV. FINANCIAL HIGHLIGHTS

Statement of Net Position

The Statement of Net Position, which is presented in the accrual basis of accounting, shows a cash balance of \$10,827,048 and a net position of \$13,338,696 on 6/30/2018. The total liability of \$819,509 is the sum of the accounts payable from all subfunds; and represents the amount the subfunds owe to actual recipients of Measure D and outside vendors.

In FY 2017/18 Measure D revenue totaled \$21,391,906 and they earned \$80,662 in interest for total revenues of \$21,472,568. Total expenditures amounted to \$11,264,845 over the same twelve months through 6/30/2018. The net position, except for \$4,633, is restricted to related subfunds and is not available for distribution. The \$4,633 balance is the cumulative interest earned by Measure D and is available for distribution if the Commission so desires.

The first ever Measure D payment came in late June 2017 which did not allow enough time to pay Measure D recipients in FY 2016/17. Net of Board of Equalization fees, the Commission received \$1,146,218. After administration, implementation, overhead and election costs, the net receipts were distributed to the investment categories per the voter-approved allocations as shown in Prior Year Summary of Revenue Allocation by Month- Cash Basis on page 26. The FY 2016/17 audited financials reported \$3,828,606 in Measure D revenue because of the accrual of July and August 2018 receipts representing respectively May and June revenues - the Measure D revenues are two months in arrears.

Summary of Revenue Allocation by Month- Cash Basis

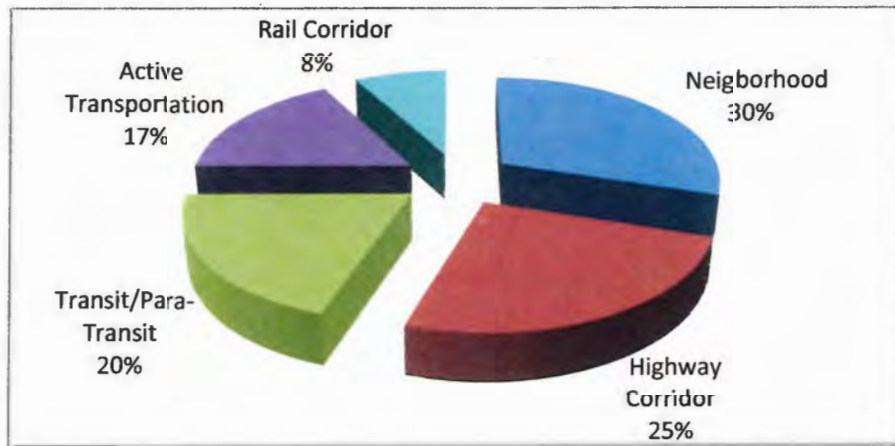
The monthly receipts from California Department of Tax and Fee Administration are accounted for in **Measure D –Unallocated Subfund**. These receipts were all (100%) distributed to the **Administration & Implementation Subfund** and the **Five Investment Category subfunds** according to pre-determined allocation formula, which are prescribed in Measure D. The revenues equal expenditures in Measure D – Distribution Subfund; and any net position is the cumulative interest earned by the cash receipts prior to distribution. This fund balance is unrestricted and is available for distribution to other subfunds.

Below is the FY 2017/18 the actual cash receipts distribution schedule and the graphical presentation of the distribution with and without the Administration & Implementation subfund in the mix:

**Measure D Distribution
FY 2017/18 Ending 6/30/2018**

	<u>With Administration</u>		<u>Without Administration</u>	
Administration & Implementation	550,280	3%		
Neighborhood	6,055,853	29%	6,055,853	30%
Highway Corridor	5,046,542	24%	5,046,542	25%
Transit/Para-Transit	4,037,234	19%	4,037,234	20%
Active Transportation	3,431,648	17%	3,431,648	17%
Rail Corridor	1,614,893	8%	1,614,893	8%
TOTAL	20,736,450	100%	20,186,170	100%

Graph 1 – Measure D Distribution Without Adm. & Imp.



The total cash receipts of \$20,736,450 are 5% (rounded) above projection and each investment subfund except for Administration & Implementation received 5% more than budgeted as shown on the following page:

**Measure D Receipts Compared to Budget
FY 2017/18 Ending 6/30/2018**

	<u>Receipts</u>	<u>Budget</u>	<u>Over Budget*</u>	<u>(%)</u>
Administration & Implementation	550,280	550,981	(701)	0%
Neighborhood	6,055,853	5,787,530	268,323	5%
Highway Corridor	5,046,542	4,822,942	223,600	5%
Transit/Para-Transit	4,037,234	3,858,354	178,880	5%
Active Transportation	3,431,648	3,279,601	152,047	5%
Rail Corridor	1,614,893	1,543,341	71,552	5%
TOTAL	20,736,450	19,842,749	893,701	5%

* Excess of Receipts over Expenditures

Payments to Neighborhood and Transit/Para-transit recipients were made monthly where possible while disbursements to regional projects (Highway Corridor; Rail/Trail; and Rail Corridor) were based on upon presentation of invoices or other evidentiary cost documentation. Highway 9 Complete Streets Investment Plan and Highway 17 Wildlife Overcrossing are in the Neighborhood Subfund, but they are regional projects; and funds are managed by the Commission. No funds were expended in FY 2017/18 for the Highway 9 and Highway 17 projects.

Absent, Highway 9 and Highway 17, Measured D receipts would equal expenditures in the Neighborhood. The equality of receipts and expenditures also exists in Transit/Para-transit Subfund because these are pass-through funds and monthly payments are automatic provided that the recipients are in compliance with Measure D requirements. Summary of Revenue Allocation by Month- Cash Basis on page 24 in the Supplemental Information/Schedule Section presents the detailed monthly distribution of Measure D and needed adjustments.

Highway 9; Highway 17; Highway Corridor; Active Transportation (Rail/Tail - MBSST); and Rail Corridor all show high fund balances because construction works have not commenced. In Active Transportation 71% (476,939) of the total costs (\$674,927) was for North Coast segment 5 expenditures. The Unified Corridor Study accounts for all the expenditures in Rail Corridor. Highway Corridor reveals a single payment of \$50,000 to Cruz511 (Rideshare) for the entire FY 2017/18. The following is a condensed revenues, expenditures, and change in fund balance statements:

	Unallocated	ADMIN	NEIGHBORHOOD	HIGHWAY CORRIDOR	TRANSIT (SCMTD & CB)	ACTIVE TRANSPORTATION	RAIL CORRIDOR	TOTAL
REVENUES								
Measure D		592,947	6,239,688	5,199,740	4,159,791	3,535,823	1,663,917	21,391,906
Interest	4,384	5,816	6,321	32,252	1,180	20,726	9,983	80,662
TOTAL REVENUES	4,384	598,763	6,246,009	5,231,992	4,160,971	3,556,549	1,673,900	21,472,568
EXPENDITURES								
Administration/Implementation		304,510						304,510
Neighborhood			5,555,850					5,555,850
Highway Corridor				50,000				50,000
Transit/Para-Transit					4,037,234			4,037,234
Active Transportation						674,927		674,927
Rail Corridor							642,324	642,324
TOTAL EXPENDITURES	-	304,510	5,555,850	50,000	4,037,234	674,927	642,324	11,264,845
EXCESS OF REVENUES OVER EXPENDITURES	4,384	294,253	690,159	5,181,992	123,737	2,881,622	1,031,576	10,207,723
Beginning Balance	249	81,254	823,075	852,728	520,939	579,855	272,873	3,130,973
ENDING FUND BALANCE	4,633	375,507	1,513,234	6,034,720	644,676	3,461,477	1,304,449	13,338,696

V. FINANCIAL ISSUES AND CONCERNS

With a robust economy came sales tax revenues slightly higher than originally projected, however construction costs also skyrocketed in FY 2017/18. In some instances project sponsors have had to reduce the scope of some projects or have postponed the start of construction.

What it will take to start larger projects: While pay-as-you-go financing is the preferred method for delivery of projects, the Commission is looking at options to accelerate delivery of several projects. Measure D revenues are intended to be used to leverage other grants. The Commission, Caltrans and local agencies anticipate using Measure D funds to leverage new state grants available thanks to SB-1 transportation funding. In order to accelerate delivery of some larger projects, Commission will be evaluating a range of financing options.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF NET POSITION
June 30, 2018

ASSETS

Cash in county treasury	\$ 10,827,048
Accounts receivable	<u>3,331,157</u>
Total assets	<u>14,158,205</u>

LIABILITIES

Accounts payable	<u>819,509</u>
Total liabilities	<u>819,509</u>

NET POSITION

Restricted for distribution	13,334,063
Unrestricted	<u>4,633</u>
Total net position	<u>\$ 13,338,696</u>

See accompanying notes to financial statements.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

Revenues:	
State Board of Equalization - sales tax apportionment	\$ 21,391,906
Interest	80,662
	<hr/>
Total revenues	21,472,568
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Expenditures:	
Salaries and benefits	266,693
Services and supplies	3,770
Consultant services	34,047
Claimants:	
City of Capitola	312,311
City of Santa Cruz	1,261,406
City of Scotts Valley	272,192
City of Watsonville	844,000
County of Santa Cruz	2,865,941
Santa Cruz County Regional Transportation Commission	1,367,251
Community Bridges	807,447
Santa Cruz Metropolitan Transit District	3,229,787
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Total expenditures	11,264,845
	<hr/>
Change in net position	10,207,723
Net position, beginning of fiscal year	3,130,973
	<hr/>
Net position, end of fiscal year	<u>\$ 13,338,696</u>

See accompanying notes to financial statements.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

C. Cash and County Treasury

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

D. Estimates

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

NOTE 2 - CASH AND INVESTMENTS

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

Investments at June 30, 2018, consist of the following:

Pooled Investment Funds:	
Cash in county treasury	<u>\$ 10,827,048</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

The Fund categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Fund's investments are in the Santa Cruz County Investment Pool which is an external investment pool not valued under level 1, 2 or 3.

Cash in County Treasury

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

Interest Rate Risk

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

Credit Risk

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

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SUPPLEMENTARY INFORMATION

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF NET POSITION BY ALLOCATION
June 30, 2018

	<u>Unallocated</u>	<u>Admin</u>	<u>Neighborhood</u>
ASSETS			
Cash and investments	\$ 4,633	\$ 264,340	\$ 829,633
Accounts receivable		<u>113,670</u>	<u>965,246</u>
Total assets	<u>4,633</u>	<u>378,010</u>	<u>1,794,879</u>
LIABILITIES			
Accounts payable		<u>2,503</u>	<u>281,645</u>
Total liabilities		<u>2,503</u>	<u>281,645</u>
NET POSITION			
Restricted for distribution		375,507	1,513,234
Unrestricted	<u>4,633</u>		
Total net position	<u>\$ 4,633</u>	<u>\$ 375,507</u>	<u>\$ 1,513,234</u>

<u>Highway Corridor</u>	<u>Transit</u>	<u>Active Transportation</u>	<u>Rail Corridor</u>	<u>Total Measure D</u>
\$ 5,280,348	\$ 84,298	\$ 3,055,029	\$ 1,308,767	\$ 10,827,048
<u>804,372</u>	<u>643,497</u>	<u>546,973</u>	<u>257,399</u>	<u>3,331,157</u>
<u>6,084,720</u>	<u>727,795</u>	<u>3,602,002</u>	<u>1,566,166</u>	<u>14,158,205</u>
<u>50,000</u>	<u>83,119</u>	<u>140,525</u>	<u>261,717</u>	<u>819,509</u>
<u>50,000</u>	<u>83,119</u>	<u>140,525</u>	<u>261,717</u>	<u>819,509</u>
<u>6,034,720</u>	<u>644,676</u>	<u>3,461,477</u>	<u>1,304,449</u>	<u>13,334,063</u>
<u>4,633</u>				
<u>\$ 6,034,720</u>	<u>\$ 644,676</u>	<u>\$ 3,461,477</u>	<u>\$ 1,304,449</u>	<u>\$ 13,338,696</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
STATEMENT OF CHANGES IN NET POSITION BY ALLOCATION
For the Fiscal Year Ended June 30, 2018

	<u>Unallocated</u>	<u>Admin</u>	<u>Neighborhood</u>
Additions:			
State Board of Equalization - sales tax	\$ -	\$ 592,947	\$ 6,239,688
Interest	<u>4,384</u>	<u>5,816</u>	<u>6,321</u>
Total additions	<u>4,384</u>	<u>598,763</u>	<u>6,246,009</u>
Deductions:			
Salaries and benefits		266,693	
Services and supplies		3,770	
Consultant services		34,047	
Claimants:			
City of Capitola			312,311
City of Santa Cruz			1,261,406
City of Scotts Valley			272,192
City of Watsonville			844,000
County of Santa Cruz			2,865,941
Santa Cruz County Regional Transportation Commission			
Community Bridges			
Santa Cruz Metropolitan Transit District			
Total deductions		<u>304,510</u>	<u>5,555,850</u>
Change in net position	4,384	294,253	690,159
Net position - beginning of fiscal year	<u>249</u>	<u>81,254</u>	<u>823,075</u>
Net position - end of fiscal year	<u>\$ 4,633</u>	<u>\$ 375,507</u>	<u>\$ 1,513,234</u>

<u>Highway Corridor</u>	<u>Transit</u>	<u>Active Transportation</u>	<u>Rail Corridor</u>	<u>Total Measure D</u>
\$ 5,199,740	\$ 4,159,791	\$ 3,535,823	\$ 1,663,917	\$ 21,391,906
32,252	1,180	20,726	9,983	80,662
<u>5,231,992</u>	<u>4,160,971</u>	<u>3,556,549</u>	<u>1,673,900</u>	<u>21,472,568</u>
				266,693
				3,770
				34,047
				312,311
				1,261,406
				272,192
				844,000
				2,865,941
50,000		674,927	642,324	1,367,251
	807,447			807,447
	3,229,787			3,229,787
<u>50,000</u>	<u>4,037,234</u>	<u>674,927</u>	<u>642,324</u>	<u>11,264,845</u>
5,181,992	123,737	2,881,622	1,031,576	10,207,723
852,728	520,939	579,855	272,873	3,130,973
<u>\$ 6,034,720</u>	<u>\$ 644,676</u>	<u>\$ 3,461,477</u>	<u>\$ 1,304,449</u>	<u>\$ 13,338,696</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
SUMMARY OF OUTGO BY PROJECT
For the Fiscal Year Ended June 30, 2018

	<u>Unallocated</u>	<u>Admin</u>	<u>Neighborhood</u>
Deductions:			
Salaries and benefits	\$ -	\$ 266,693	\$ -
Services and supplies		3,770	
Consultant services		34,047	
City of Capitola			312,311
City of Santa Cruz			1,261,406
City of Scotts Valley			272,192
City of Watsonville			844,000
County of Santa Cruz Cruz511			2,865,941
Commission oversight and coordination			
Corridor encroachment & maintenance North Coast- Segment 5			
Unified Corridor investment study Community Bridges			
MBSST- City of Santa Cruz Segments MBSST- Segment 18			
Santa Cruz Metropolitan Transit District			
	<u> </u>	<u> </u>	<u> </u>
Total deductions	<u>\$ -</u>	<u>\$ 304,510</u>	<u>\$ 5,555,850</u>

<u>Highway Corridor</u>	<u>Transit</u>	<u>Active Transportation</u>	<u>Rail Corridor</u>	<u>Total Measure D</u>
\$ -	\$ -	\$ -	\$ 141,103	\$ 407,796
				3,770
				34,047
				312,311
				1,261,406
				272,192
				844,000
				2,865,941
50,000				50,000
		144,767		144,767
		28,474		28,474
		476,939		476,939
			501,221	501,221
	807,447			807,447
		21,972		21,972
		2,775		2,775
	3,229,787			3,229,787
<u>\$ 50,000</u>	<u>\$ 4,037,234</u>	<u>\$ 674,927</u>	<u>\$ 642,324</u>	<u>\$ 11,264,845</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
SUMMARY OF REVENUE ALLOCATION BY MONTH- CASH BASIS
For the Fiscal Year Ended June 30, 2018

	July	August	September	October	November	December
Revenues						
Gross	\$ 1,146,700	\$ 1,529,000	\$ 2,455,390	\$ 1,231,700	\$ 1,642,200	\$ 2,662,704
Board of Equalization Fees			(50,520)			(50,520)
Net Sales Tax	<u>1,146,700</u>	<u>1,529,000</u>	<u>2,404,870</u>	<u>1,231,700</u>	<u>1,642,200</u>	<u>2,612,184</u>
Administration & Implementation						
Admin Salaries & Benefits	11,467	15,290	24,049	12,317	16,422	26,122
Overhead Admin	11,582	15,443	24,289	12,440	16,586	16,873
Implementation & Oversight	8,333	8,333	8,333	8,334	8,333	8,333
Services & Supplies	4,345	4,345	4,345	4,345	4,345	4,345
Subtotal	<u>35,727</u>	<u>43,411</u>	<u>61,016</u>	<u>37,436</u>	<u>45,686</u>	<u>55,673</u>
Amount to Distribute to Investment Categories	<u>\$ 1,110,973</u>	<u>\$ 1,485,589</u>	<u>\$ 2,343,854</u>	<u>\$ 1,194,264</u>	<u>\$ 1,596,514</u>	<u>\$ 2,556,511</u>
Investment Categories						
Neighborhood						
SLV SR9	\$ 27,778	\$ 27,778	\$ 27,778	\$ 27,778	\$ 27,778	\$ 27,778
HWY 17 Wildlife	13,889	13,889	13,889	13,889	13,889	13,889
City of Capitola	16,393	22,711	37,185	17,798	24,582	40,771
City of Santa Cruz	66,211	91,727	150,186	71,884	99,283	164,670
City of Scotts Valley	14,287	19,793	32,407	15,511	21,423	35,533
City of Watsonville	44,301	61,374	100,488	48,097	66,429	110,179
County of Santa Cruz	<u>150,433</u>	<u>208,405</u>	<u>341,224</u>	<u>163,322</u>	<u>225,571</u>	<u>374,134</u>
Total Neighborhood	<u>333,292</u>	<u>445,677</u>	<u>703,157</u>	<u>358,279</u>	<u>478,955</u>	<u>766,954</u>
Highway Corridors						
Highway Corridors	<u>277,743</u>	<u>371,397</u>	<u>585,963</u>	<u>298,566</u>	<u>399,129</u>	<u>639,128</u>
Transit/Paratransit						
Santa Cruz Metro	177,755	237,694	375,016	191,082	255,442	409,042
Community Bridges	<u>44,439</u>	<u>59,424</u>	<u>93,755</u>	<u>47,771</u>	<u>63,861</u>	<u>102,260</u>
Total Transit/Paratransit	<u>222,194</u>	<u>297,118</u>	<u>468,771</u>	<u>238,853</u>	<u>319,303</u>	<u>511,302</u>
Active Transportation						
Active Transportation	<u>188,866</u>	<u>252,549</u>	<u>398,455</u>	<u>203,025</u>	<u>271,406</u>	<u>434,606</u>
Rail Corridor						
Rail Corridor	<u>88,878</u>	<u>118,848</u>	<u>187,508</u>	<u>95,541</u>	<u>127,721</u>	<u>204,521</u>
Amount Distributed to Investment Categories	<u>\$ 1,110,973</u>	<u>\$ 1,485,589</u>	<u>\$ 2,343,854</u>	<u>\$ 1,194,264</u>	<u>\$ 1,596,514</u>	<u>\$ 2,556,511</u>

January	February	March	April	May	June	Total
\$ 1,311,200	\$ 1,748,300	\$ 2,254,881	\$ 1,261,700	\$ 2,047,592	\$ 1,653,623	\$ 20,944,990
		(50,520)		(56,980)		(208,540)
<u>1,311,200</u>	<u>1,748,300</u>	<u>2,204,361</u>	<u>1,261,700</u>	<u>1,990,612</u>	<u>1,653,623</u>	<u>20,736,450</u>
13,112	17,483	22,044	12,617	19,906	16,536	207,365
12,063	16,084	20,280	11,608	18,314	15,213	190,775
8,333	8,333	8,333	8,333	8,333	8,333	99,997
4,345	4,345	4,345	4,346	4,346	4,346	52,143
<u>37,853</u>	<u>46,245</u>	<u>55,002</u>	<u>36,904</u>	<u>50,899</u>	<u>44,428</u>	<u>550,280</u>
<u>\$ 1,273,347</u>	<u>\$ 1,702,055</u>	<u>\$ 2,149,359</u>	<u>\$ 1,224,796</u>	<u>\$ 1,939,713</u>	<u>\$ 1,609,195</u>	<u>\$ 20,186,170</u>
\$ 27,778	\$ 27,778	\$ 27,778	\$ 27,778	\$ 27,778	\$ 27,778	\$ 333,336
13,889	13,889	13,889	13,889	13,889	13,889	166,668
19,132	26,361	33,904	18,312	30,368	24,794	312,311
77,271	106,471	136,937	73,963	122,658	100,145	1,261,406
16,673	22,974	29,550	15,961	26,468	21,611	272,191
51,701	71,239	91,624	49,489	82,071	67,008	844,000
<u>175,560</u>	<u>241,904</u>	<u>311,126</u>	<u>168,047</u>	<u>278,682</u>	<u>227,533</u>	<u>2,865,941</u>
<u>382,004</u>	<u>510,616</u>	<u>644,808</u>	<u>367,439</u>	<u>581,914</u>	<u>482,758</u>	<u>6,055,853</u>
<u>318,337</u>	<u>425,514</u>	<u>537,340</u>	<u>306,199</u>	<u>484,928</u>	<u>402,298</u>	<u>5,046,542</u>
203,735	272,328	343,898	195,968	310,355	257,472	3,229,787
50,934	68,083	85,974	48,991	77,588	64,367	807,447
<u>254,669</u>	<u>340,411</u>	<u>429,872</u>	<u>244,959</u>	<u>387,943</u>	<u>321,839</u>	<u>4,037,234</u>
<u>216,470</u>	<u>289,350</u>	<u>365,391</u>	<u>208,215</u>	<u>329,751</u>	<u>273,564</u>	<u>3,431,648</u>
<u>101,867</u>	<u>136,164</u>	<u>171,948</u>	<u>97,984</u>	<u>155,177</u>	<u>128,736</u>	<u>1,614,893</u>
<u>\$ 1,273,347</u>	<u>\$ 1,702,055</u>	<u>\$ 2,149,359</u>	<u>\$ 1,224,796</u>	<u>\$ 1,939,713</u>	<u>\$ 1,609,195</u>	<u>\$ 20,186,170</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
MEASURE D FUND
 PRIOR YEAR SUMMARY OF REVENUE ALLOCATION BY MONTH- CASH BASIS
 For the Fiscal Year Ended June 30, 2018

	June
Revenues	
Gross	\$ 1,152,905
Board of Equalization Fees	<u>(6,687)</u>
Net Sales Tax	<u>1,146,218</u>
 Administration & Implementation	
Admin Salaries & Benefits	11,462
Overhead Admin	1,225
Implementation & Oversight	89,190
Services & Supplies	<u>238,122</u>
Subtotal	<u>339,999</u>
 Amount to Distribute to Investment	
Categories	<u><u>\$ 806,219</u></u>
 Investment Categories	
Neighborhood	
SLV SR9	\$ 27,778
HWY 17 Wildlife	13,889
City of Capitola	11,254
City of Santa Cruz	45,453
City of Scotts Valley	9,808
City of Watsonville	30,413
County of Santa Cruz	<u>103,271</u>
Total Neighborhood	<u>241,866</u>
 Highway Corridors	
Highway Corridors	<u>201,555</u>
 Transit/Paratransit	
Santa Cruz Metro	128,995
Community Bridges	<u>32,249</u>
Total Transit/Paratransit	<u>161,244</u>
 Active Transportation	
Active Transportation	<u>137,057</u>
 Rail Corridor	
Rail Corridor	<u>64,497</u>
 Amount Distributed to Investment	
Categories	<u><u>\$ 806,219</u></u>