

**SANTA CRUZ COUNTY REGIONAL
TRANSPORTATION COMMISSION**

AUDIT REPORT
June 30, 2013

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
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June 30, 2013

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FINANCIAL SECTION



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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 year ended June 30, 2013, 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.

Auditor's 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, 2013, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 1 to the basic financial statements effective July 1, 2012, the Santa Cruz Regional Transportation Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

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 15, the budgetary information on pages 47 through 52, and the schedule of funding progress for post employment benefits other than pensions on page 53, 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 opinions on the financial statements that collectively comprise the Commission's basic financial statements. The schedule of revenues, expenses, and changes in net position by activity is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues, expenses, and changes in net position by activity is the responsibility of management and was derived from and 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 December 17, 2013, 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, King & Haugheim LLP

Santa Maria, California
December 17, 2013

Management Discussion and Analysis

Fiscal Year Ending June 30, 2013

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 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 is governed by a Board of Directors composed of 12 members and one ex-officio member. The Board sets policies and for FY12/13 oversaw 17 full and part-time employees representing 15.75 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 alternative and sustainable transportation modes, improve the safety and operation of the transportation system; and reduce vehicle emissions.

The RTC is the designated Local Transportation Commission (LTC) and the 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 from the 1/4-cent state sales tax and for developing both the state-mandated *Regional Transportation Plan (RTP)* and *Regional Transportation Improvement Program (RTIP)*.

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 and was last adopted in June 2010. The RTC is currently in the process of developing a major update, scheduled for adoption in June 2014. 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 RTIP, which covers a 5-year period.

The RTC contributed and/or secured funds for the following projects which were under construction or implemented by other agencies in FY12/13; the dollar amounts reflect the RTC's contribution to the total project costs:

- Calabazas Rd Widening, Bike Lanes and Sidewalks, Freedom: \$1.3 million (STIP, RSTPX)

- Graham Hill Road Safety Improvements near Roaring Camp, Felton: \$3.3 million (RSTPX, STIP)
- South County Community Traffic Safety Coalition Educational programs: \$50,000 (RSTPX)
- Bus Stop Improvements, Countywide: \$500,000 (STIP)
- Highway 1 Soquel Ave-Morrissey Blvd Auxiliary Lanes: \$20 million (CMIA, RSTPX, STIP)
- Corralitos Rd Left Turn Ln (Bradley Elementary School): \$278,000 (RSTPX)
- Soquel-San Jose Rd Overlay (Olson Rd, 3 miles): \$760,000 (RSTPX)
- Soquel Drive Overlay (Borregas Dr to State Park Dr): \$700,000 (RSTPX)
- Scotts Valley Dr Slurry Seal, Rehabilitation, and Restriping (Mt. Hermon Rd to Granite Creek Rd), Scotts Valley:

Highway 1 Projects

In FY12/13, the RTC continued management of two regionally significant projects on Highway 1: pre-construction activities using federal and state funds on the Highway 1 Corridor Investment Project, and construction using state funds on the Highway 1 Soquel/Morrissey Auxiliary Lanes Project.

In 2003, work began on the project approval/environmental documentation (PA/ED) phase of the Highway 1 Corridor Investment Project. Given the overall cost of the project and changes in the emphasis and scrutiny of federal regulations, the RTC decided in the summer of 2011 to modify the environmental document to use a “tiered” approach. A tiered approach provides broad based information of the HOV Lane project alternative (Tier I). The same environmental document will also examine a specific project on the corridor for near term implementation within available funding levels with the environmental documentation necessary to start construction – referred to as a Tier II project. In August 2011, the RTC identified the Tier II project to be construction of auxiliary lanes on Highway 1 between 41st Avenue and Soquel Drive and a bike/pedestrian overcrossing at Chanticleer Avenue.

In 2005, the RTC initiated PA/ED activities on the Soquel/Morrissey Auxiliary Lanes project. The final environmental document was approved in September 2009 and final design was completed in June 2011. Construction funding was secured from voter-approved Proposition 1B Transportation Bonds. The RTC decided to take responsibility for managing the construction of the project. Construction started in 2012 and will be complete by the end of 2013.

Rail Line Acquisition

The Regional Transportation Commission (RTC) completed acquisition of the 31-mile Santa Cruz Branch Rail Line right-of-way in October 2012. The RTC initiated engineering work to rehabilitate the structures and is scheduled to start construction in FY13/14.

Monterey Bay Sanctuary Scenic Trail Network

Planning for the Monterey Bay Sanctuary Scenic Trail (MBSST) Network, a multi-use bicycle and pedestrian pathway spanning the Santa Cruz coastline from the San Mateo County line to the

Monterey County line, continued during FY12/13. Staff and the consultant continued planning activities and produced a Draft Master Plan. A series of public workshops were held to present the Draft Master Plan and receive public input. Additionally, scoping meetings were held and a Draft Environmental Impact (EIR) report was released for public review and input.

SAFE and FSP

Included in the Service Authority for Freeway Emergencies (SAFE) annual budget are funds for the Safe on 17 Program to maintain a reduced collision rate on Highway 17 by providing additional CHP enforcement. The funding is provided by the RTC SAFE (\$50,000) and the Metropolitan Transportation Commission (MTC) SAFE (\$50,000).

Call boxes are located on Highways 1, 9, 17, 152, and 129 and connect stranded motorists with assistance. Approximately 1100 calls were placed from Santa Cruz County call boxes in FY12/13. The Monterey Bay Area 511 Traveler Information project, which is described in more detail in the next section, is also in the SAFE budget.

The RTC, serving as the SAFE, operates the Freeway Service Patrol (FSP) Program. The FSP Program consists of roving tow trucks 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 and air quality and reduce fuel consumption by rapidly clearing incidents.

Monterey Bay Area 511 Traveler Information System

The Santa Cruz County Regional Transportation Commission (RTC) and the Transportation Agency for Monterey County (TAMC) received a Partnership Planning Grant from the California Department of Transportation (\$259,210 grant and \$64,802 matching) to conduct a Monterey Bay Area 511 Traveler Information System Feasibility and Implementation Plan. The project began in March, 2010 and will be completed in December, 2013. The first part of the project, a 511 Feasibility Study, was completed in 2012 and the second part, an Implementation Plan, will be completed in 2013.

Commute Solutions and Alternatives to Driving Alone

Since 1979, the RTC, through its Commute Solutions service has provided the community with a centralized resource for transportation information. This program helps individuals find alternatives to driving alone and assists employers in developing commute programs for their employees. In its ongoing effort to help Santa Cruz residents and employees find carpool, vanpool and bike partners, the RTC's Commute Solutions service continued contracting with the Metropolitan Transportation Commission (MTC) for use of its online ridematching service. Through Commute Solutions, hundreds of Santa Cruz Metro bus schedules and Santa Cruz County bikeways maps were distributed.

The RTC continued to provide a number of services supporting the use of alternative transportation including personalized trip planning assistance for all transportation modes and technical support for employer sponsored commute programs through the use of such tools as employee commute surveys, residential density maps, site assessment surveys and commute plan development. In conjunction

with other rideshare agencies in the Monterey Bay Area, Commute Solutions staff helped plan and implement a joint marketing campaign called Rideshare Month that was held during October. In conjunction with the construction of the Highway 1 Soquel/Morrissey Auxiliary Lanes Project, Commute Solutions developed and implemented TDM programs for two schools significantly impacted by the construction project. Programs included the promotion of alternative transportation modes through education, outreach, and incentive programs.

During this period, the RTC continued work on projects funded by AB2766 grants awarded by the Air District in prior years. The first, Cash for Carpools, is a countywide incentive program aimed at encouraging people who currently drive alone to form new carpools for commute trips to school and work. The second project, the highly successful Bikes Secure Bicycle Parking Subsidy program, distributed a final round of bicycle parking subsidies to county organizations and completed the grant project. The third, a countywide emergency ride home program that had initially been developed and implemented by the non-profit organization Ecology Action, was transferred to RTC. Work to restructure the program for delivery by Commute Solutions was undertaken this period.

3. FINANCIAL STATEMENTS

The Basic Financial Statements consist of RTC Wide Financial Statements (Governmental activities 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, 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 45, the RTC Wide Financial Statements include the expenses and liabilities associated with Other Post Employment Benefits (OPEB) as discussed in Notes 6 and 9 of the report.

B. Funds Financial Statements

The RTC has 12 funds, which are equally divided between Governmental Funds (pages 18-26) and Fiduciary Funds (pages 28-31) with six in each type.

1. Governmental Funds

GASB 34, 45 and 54 apply to the Statement of Net Position, therefore, a reconciliation is needed to balance the Fund Balance and the Total Net Position. In addition to the Statement of Revenues, Expenditures, and Changes in Fund Balances (pages 22 – 25), actual results for each fund are compared to the budget (pages 47-52).

2. Fiduciary Funds

Two Statements are presented for the Fiduciary Funds:

- a. Statement of Fiduciary Net Position, and
- b. Statement of Change in Fiduciary Net Position.

The RTC uses the following fund balance classifications, which are in line with GASB 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 two: 1) Restricted, and 2) Unassigned

4. FINANCIAL HIGHLIGHTS

Overall, FY2013 is a year of major projects with the purchase of the rail line; the construction of the auxiliary lanes on Highway 1 and work on the MBSST master plan. The costs were generally contained and were in line with the budget. The statements show financial stability in FY2013 and the prospects are good despite new funding challenges.

Governmental Funds **Net Position**

The Total Net Position has sharply increased to \$16,548,025 from \$2,148,721 as a result of the capitalization of the rail line right of way acquisition costs and certain costs related to bridge construction. Adjusted for the Investment in Capital Assets, The Net Position shows a \$316,017 (11.7%) decrease to \$1,828,792 from \$2,144,809 on 6/30/2012 due to a continuing increase in Long-term liabilities, which are up \$420,178 to \$1,097,860. The long-term debts consist of compensated balance (accrued vacation, sick leave and administrative leave hours) - \$293,299; Other Post Employment Benefits (OPEB) - \$527,273; and PERS Side Fund - \$277,288 as explained in Notes 6, 9, and 10 of the audit report.

Cash and Receivables

The Current Assets position reversed in FY2013 in comparison to the prior year with more current assets in cash than receivables – cash is up \$464,366 and the receivables are down \$597,800. The collection turnover has improved since Caltrans streamlined the Indirect Cost Allocation Plan review process. Caltrans District 5 was very responsive to the RTC financial needs and efficiently processed the construction project invoices.

Capital Assets

The bulk of the Capital Assets (fixed assets) consists of the actual purchase price of the rail line right of way (\$14,200,000); bridge construction related costs (\$509,868); and the depreciable office equipment (\$9,365) as shown in Note 5. The RTC acquired new servers in FY2013 for \$10,177.

Liabilities

The accounts payable have increased by \$239,046, but they are in line with the increased construction activities in the Highway 1 Auxiliary Lanes Fund., which accounts for \$1,627,048 (88.8%) of the total accounts payable (\$1,832,789). The unearned revenues (deferred revenues) have decreased by \$497,424 in large part because \$401,779 in the Rail/Trail Fund was earned and recognized as revenues in FY2013. Two funds account for almost all unearned revenues as follows:

1. Administration Planning Fund - \$135,492 – RSTPX for Park & Ride Project, and STARS (\$5,802) and STIP (\$129,690)
2. Highway 1 Auxiliary Lanes Fund - \$819,834
The balance represents the portion of the \$850,000 advance from Caltrans to jump start the construction.

The Noncurrent Liabilities continue to increase as noted earlier because the RTC does not prefund OPEB at this time and presently uses the Pay-As-You-Go method for the retirees' health costs. In addition, the PERS Side Fund is new in FY2013 and is explained in Note 10 of the audit report. The compensated Absence liability increased moderately by \$6,783 (2.4%) to \$293,299 (see Note 6).

Other Highlights

The SAFE Fund made a short term loan of \$70,000 to FSP in FY2013 to help with cash flow until receipt of the Caltrans grant (\$206,370); the loan was repaid in the same fiscal year. The Administration and Planning Fund transferred \$110,000 to the Rail/Trail Fund. These transfers - in and out, are eliminated on the Statement of Net Asset. Due From (\$236,897) and Due To (\$236,897) balances arise because the Administration and Planning Fund pays for all salaries and benefits, which are later reimbursed by other funds (SAFE, FSP, Rail/Trail, Hwy 1 Program, and Hwy 1 Auxiliary); and unpaid interfund transfer balance.

The following is the Statement of Net Position for Governmental Funds:

	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
Cash and Investment	3,004,311	2,539,945	464,366
Receivables	2,911,937	3,509,737	(597,800)
Capital Assets (Net)	<u>14,719,233</u>	<u>3,912</u>	<u>14,715,321</u>
Total Assets	20,635,481	6,053,594	14,581,887
Accounts Payable	1,832,789	1,593,743	239,046
Accrued Expense	30,544	27,108	3,436
Due to Other Agencies	162,932	145,585	17,347
Unearned Revenue	963,331	1,460,755	(497,424)
Noncurrent Liabilities	<u>1,097,860</u>	<u>677,682</u>	<u>420,178</u>
Total Liabilities	4,087,456	3,904,873	182,583
Net Investment in Capital Assets	14,719,233	3,912	14,715,321
Restricted	1,894,015	2,187,557	(293,542)
Unrestricted	<u>(65,223)</u>	<u>(42,748)</u>	<u>(22,475)</u>
Total Net Position	16,548,025	2,148,721	14,399,304

Revenues

The combined revenues show a sharp increase to \$25,920,423 from \$7,022,683 due to two major capital projects in FY2013 (pages 25 – 26):

1. Rail Line right of way acquisition (\$14,200,000), which was funded by Proposition 116 (\$10,200,000) and STIP (\$4,000,000), and
2. Highway 1 Auxiliary Lanes Construction, which received \$1,599,312 in STIP funds and \$5,841,531 in CMIA funds. In FY2012 the revenues for the STIP and CMIA were \$400,688 and \$3,319,618 respectively.

Funds in FY2013 were received from two new major sources:

- a. Coastal Conservancy - \$202,503 for the Monterey Bay Sanctuary Scenic Trail Network master plan, and
- b. Union Pacific - \$400,000 pledged contribution toward right of the way acquisition, but received \$384,580 in net proceeds through the title company after accounting for closing costs.

Consistent with prior years, the DMV fees in FY2013 shows modest change with \$8,812 (3.6%) decrease in FY2013. In FSP Fund, the Caltrans grant, the major financing source, is also off \$1,647 (0.8%). The TDA receipts in the Planning and Administration Fund were up \$286,003 (33%) as the RTC Board approved a \$250,000 TDA allocation to help build up a permanent reserve.

By source, the State provided 90% (72% in FY2012) of the funding in FY2013 while the Local funds came in at a distant second with 7% (17% in FY2012). The TDA (\$1,155,843), and the SAFE DMV fees (\$237,123) account for 73% of all local funds.

The state funding sources (with prior year comparisons in parenthesis) were:

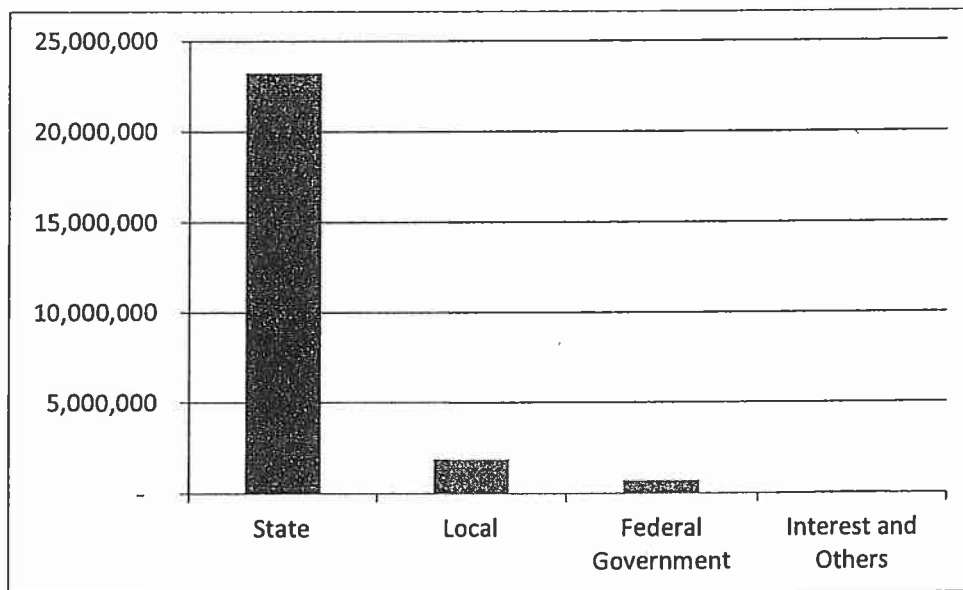
- a. State Transportation Improvement Program (STIP) - \$5,965,231 (\$594,645)
- b. CMIA for Construction Project - \$5,841,531 (\$3,319,618)
- c. RSTP Exchange Funds - \$444,737 (\$483,569)
- d. Coastal Conservancy - \$202,503 (\$0)
- e. State Rural Planning Assistance – \$322,038 (\$307,589),
- f. Caltrans Grant for the FSP Program - \$206,730 (\$204,723), and
- g. Proposition 116 - \$10,200,000 (\$0)

The funding sources comparative table and the graph are presented below:

Table
FY2013 Funding by Source

	<u>FY2013</u>	<u>FY2012</u>
State	23,243,624 (89.7%)	5,023,038 (71.5%)
Local	1,892,731 (7.3%)	1,196,746 (17%)
Federal	699,276 (2.7%)	775,305 (11%)
Interest & Others	<u>84,794 (0.3%)</u>	<u>27,594 (0.4%)</u>
Total	25,920,425 (100%)	7,022,683 (100%)

Figure 1
FY2013 Funding by Source



Expenditures

The payroll was up \$109,313 (57.2%) to \$2,021,605 in FY2013 due to rising medical insurance costs and the fact that the RTC was fully staffed in FY2013. Similar to the revenues, the sharp growth in total expenditures to \$25,816,262 from \$7,953,427 in FY2012 is due to capital expenditures for the rail line purchase and the construction of the approximately one mile section of auxiliary lanes in each direction on Highway 1 between Morrissey Boulevard and Soquel Avenue.

Towing service costs under the FSP fund decreased to \$136,139 from \$239,865 because RSTP Exchange funds for that service on Beat 2 (Highway 1) ran out and the service had to be terminated. However, the Highway 1 Auxiliary Lanes project required FSP towing services on Highway 1 so FSP towing service was reinstated for the entire FY 2013 without interruption by the Highway 1 Auxiliary Fund's TDM program. The RTC continued work on the MBSST Network master plan with the consultant cost increasing by \$33,174(15.5%) to \$247,243. There were no unemployment claims in FY2013, therefore the RTC did not use the \$35,000 budgeted for self insurance. The RTC continued to fund the Bike to Work and the Community Traffic Safety Coalition at the same level as in FY2012 at \$50,000 and \$100,000 respectively.

The following is the Statement of Revenues, Expenditures & Change in Fund Balances for Governmental funds with comparison to prior year:

**STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS**

	FY2013 <u>6/30/2013</u>	FY2012 <u>6/30/2012</u>	<u>Change</u>
Federal Revenues	699,276	775,305	(76,029)
State	23,243,624	5,023,038	18,220,586
Local	1,892,731	1,196,746	695,985
Other (Including Interest)	<u>84,792</u>	<u>27,594</u>	<u>57,198</u>
Total Revenues	25,920,423	7,022,683	18,897,740
Salaries & Benefits	2,021,620	1,912,307	109,313
Services and Supplies	8,537,023	5,356,640	3,180,383
Bike to Work	50,000	50,000	0
Ecology Action (formerly SC Area TMA)	0	10,868	(10,868)
Community Traffic Safety Coalition	100,000	138,495	(38,495)
On-Board Transit Survey	0	31,183	(31,183)
Trail Master Plan Consultant (MBSST)	247,243	214,069	33,174
Towing Services	136,139	239,865	(103,726)
Capital Outlay	509,868	0	509,868
Right of Way Acquisition Cost	14,200,000	0	14,200,000
Other Expenses	<u>14,369</u>	<u>0</u>	<u>14,369</u>
Total Expenditures	25,816,262	7,953,427	17,862,835
Excess of Revenues Over Expenditures	104,161	(930,744)	1,034,905
Beginning Fund Balances	<u>2,822,491</u>	<u>3,753,235</u>	<u>(930,744)</u>
Ending Fund Balances	2,926,652	2,822,491	104,161

Fiduciary Funds

The combined cash balance is \$8,742,634 and up \$409,314 (4.9%) over the balance on 6/30/2012 due to high unclaimed prior years allocations and increased TDA cash receipts as shown in Figure 2 below. The unclaimed allocation distribution by jurisdictions and funding sources is as follows:

UNCLAIMED TDA AND STP EXCHANGE ALLOCATIONS

FY2013 ENDING 6/30/2013

	Total	TDA	RSTP Exchange
County of Santa Cruz	2,424,552	507,949	1,916,603
City of Capitola	665,007	127,007	538,000
City of Santa Cruz	1,403,943	366,943	1,037,000
City of Scotts Valley	267,195	42,195	225,000
City of Watsonville	1,186,994	286,994	900,000
SCCRTC	<u>1,105,906</u>	<u>0</u>	<u>1,105,906</u>
TOTAL	7,053,597	1,331,088	5,722,509

Net Position is up \$2,298,682 due primarily to increased revenues. The Due from Other Agencies (\$4,286,557) is a result of revenue accruals – RSTPX Exchange (\$3,040,436), and STA (\$881,121). The accounts receivable balance (\$1,297,600) is comprised of additional TDA accruals for May and June revenues, which were received respectively in July and August. Due to Other Agencies (\$881,121) is the fourth quarter STA funds (\$881,121) due to Santa Cruz Metropolitan Transit District (SCMTD). The Statement of Net Position of Fiduciary Funds is presented below:

STATEMENT OF NET POSITION FIDUCIARY FUNDS

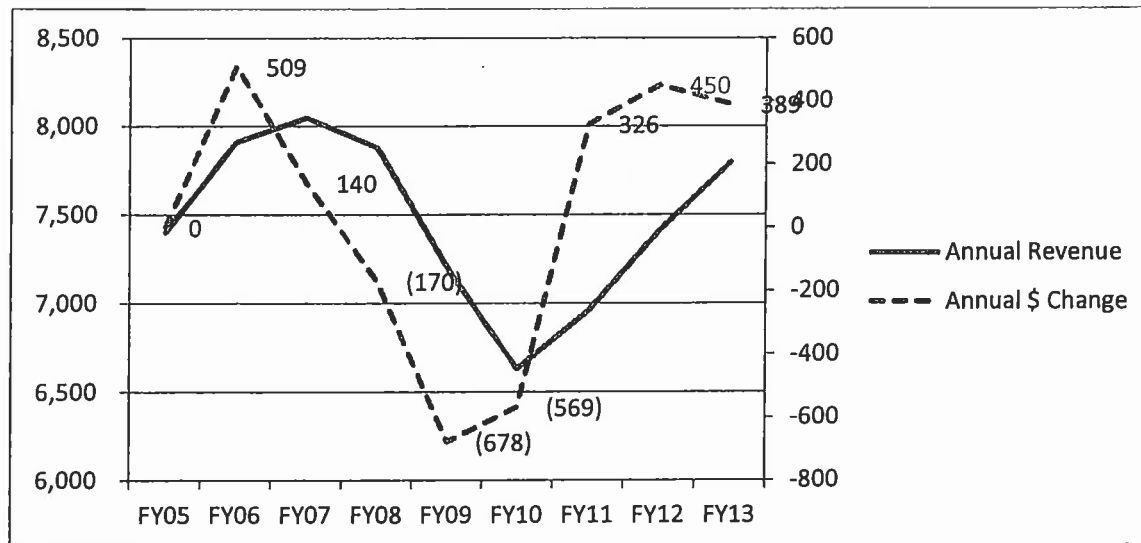
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>Change</u>
Cash and Investment	8,742,634	8,333,320	409,314
Accounts Receivable	1,297,600	1,245,700	51,900
Due from Other Agencies	<u>4,286,557</u>	<u>3,929,129</u>	<u>357,428</u>
Total Assets	14,326,791	13,508,149	818,642
Accounts Payable	3,414	684,916	(681,502)
Due to Other Agencies	<u>881,121</u>	<u>1,679,659</u>	<u>(798,538)</u>
Total Liabilities	884,535	2,364,575	(1,480,040)
Net Position	13,442,256	11,143,574	2,298,682

The combined revenues for all fiduciary funds are up \$558,332 (4%) to \$14,672,933 from \$14,114,601 on 6/30/2012. All major funding sources show respectable growth except for Contribution from SCCRTC, which is down by \$215,800 (35%) for certain liabilities such as PERS Retirement, which were previously paid through the Miscellaneous Deduction Trust Fund were settled electronically out of the payroll bank account.

The TDA revenues continue to rebound and show an upward trend in the last three years; and FY2014 TDA cash receipts are estimated to surpass the FY2007 amount, the peak year, when revenues amounted to \$8,048,362. The TDA cash receipts performance over the last nine (9) years is as follows:

<u>Fiscal Year</u>	<u>Actual Receipts</u>	<u>(Change)</u>	
FY2005	7,399,492		
FY2006	7,908,253	508,761	6.9%
FY2007	8,048,362	140,109	1.8%
FY2008	7,878,633	(169,729)	(2.1%)
FY2009	7,200,133	(678,500)	(8.6%)
FY2010	6,631,837	(568,296)	(7.9%)
FY2011	6,956,059	324,222	4.9%
FY2012	7,407,427	451,368	6.5%
FY2013	7,796,002	388,575	5.2%

Figure 2
TDA Annual Revenues and Changes – Last Eight (9) Years
FY2005 – FY2013
(\$ 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 received 80% of all FY2013 TDA allocated funds after the RTC share; and 100% of all STA funds in FY2013, which amounted respectively to \$7,796,002 and \$3,040,708. The expenditure levels in the fiduciary funds are dependent on revenue fluctuations, the allocations, and the claims for disbursement. The Miscellaneous Deductions Funds were set up to accumulate payroll funds prior to payment for CalPERS retirement, Deferred Compensation (Comp), and employee's voluntary charitable contributions. CalPERS retirement and the Deferred Comp are now being paid electronically, therefore holding funds in a Trust Fund is not necessary. Therefore, the Miscellaneous Deduction Fund is now used mostly to accumulate employee voluntary deductions, including charitable contributions.

**STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN FUND BALANCES
FIDUCIARY FUNDS**

	<u>FY2013</u> <u>6/30/2013</u>	<u>FY2012</u> <u>6/30/2012</u>	<u>Change</u>
Additions:			
Sales Tax: TDA	7,796,002	7,486,927	309,075
STA	3,040,708	2,792,749	247,959
STP Exchange	3,405,261	3,176,787	228,474
Contributions	400,658	616,458	(215,800)
Interest	30,304	41,615	(11,311)
Other	<u>0</u>	<u>65</u>	<u>(65)</u>
Total Revenues	14,672,933	14,114,601	558,332
Deductions:			
SCMTD	8,551,912	8,037,713	514,199
RTC	1,161,021	1,749,405	(588,384)
County of Santa Cruz	1,460,000	1,071,303	388,697
City of Santa Cruz	768,719	646,856	121,863
City of Watsonville	0	751,000	(751,000)
Plan Paymentsr	<u>432,599</u>	<u>558,470</u>	<u>(125,871)</u>
Total Expenditures	12,374,251	12,814,747	(440,496)
Change in Net Assets	2,298,682	1,299,854	998,828
Net Assets - Beginning of Fiscal Year	<u>11,143,574</u>	<u>9,843,720</u>	<u>1,299,854</u>
Net Positions - End of Fiscal Year	13,442,256	11,143,574	2,298,682

5. CURRENT FINANCIAL ISSUES AND CONCERNS (All)

Management has been able to control the discretionary expenses; however, continuing to secure new revenue sources to meet existing and increasing transportation needs remains a challenge; and this issue became more acute in FY2013 with the reduction in STIP PPM funding for operations. The PL funds are also slated to be reduced significantly in future years. The *2010 Regional Transportation Plan* identifies a funding gap of over \$2 billion for transportation needs countywide. The American Recovery and Reinvestment Act (ARRA) funds allowed some of the backlog of road repairs to move forward countywide, and temporarily rescued FSP whose operations cannot be sustained with existing levels of SAFE funds. Similarly, the Rideshare Program is using the last of federal CMAQ

funding secured several years ago; new stable revenues are needed to replace the CMAQ funds which are no longer available in the Monterey Bay region.

Several projects in the region have been delayed due to funding shortfalls and although some transit service was restored, demand exceeds supply for some transit routes in heavily traveled corridors

Due to continually diminishing revenues from gasoline taxes and other sources, the Santa Cruz County region has not received sufficient transportation funds, creating a backlog of roadway and transit maintenance, delaying completion of existing projects, making it very difficult to fund needed new projects, and nearly preventing the implementation of plans for the future.

Projects currently under development without a source of new funding are the Highway 1 HOV Lane project, which is currently estimated to cost about \$600M, and the Monterey Bay Sanctuary Scenic Trail (MBBST) Network project, which could cost up to \$127 million. The RTC is identifying smaller projects within the Highway 1 corridor which could be constructed incrementally, and continues to engage the community regarding the most opportune time to seek a local vehicle registration fee, sales tax measure or other local funding sources for transportation purposes to alleviate some of these transportation funding needs. However, considering the super majority voter threshold required (66.7%) to approve these new revenue streams, it seems nearly impossible that they will materialize unless the supermajority requirement is significantly reduced or eliminated by California voters.

As the regional transportation planning agency, the RTC has taken a leadership position on the effort to secure new local funds. In fiscal year 2011-2012 the RTC worked closely with the community to investigate options for placing a \$10 vehicle registration fee on the November 2012 ballot, which would have raised over \$2 million per year for local street and road repairs. The measure was not placed on the ballot due to the state of the economy and poll results indicating the measure fell just short of the supermajority threshold requirement. A special purpose local tax measure requires a super majority of voter support (66.7%).

With the RTC purchase of the Santa Cruz Branch Rail Line, freight service will continue and recreational passenger rail service will be implemented. The RTC will need to work to ensure that the revenue generated by the freight service, the recreational rail service, car storage and other leased uses of the real estate will cover the continued maintenance and operation of the rail line. Longer term uses of the rail corridor, for other types of passenger transit services will require capital and operation funding from other sources.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF NET POSITION
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,004,311
Receivables	2,911,937
Capital assets:	
Nondepreciable	14,709,868
Depreciable, net	<u>9,365</u>
 Total assets	 <u>20,635,481</u>
LIABILITIES	
Accounts payable	1,832,789
Accrued expenses	30,544
Due to other agencies	162,932
Unearned revenue	963,331
Noncurrent liabilities	
Due within one year	22,417
Due in more than one year	<u>1,075,443</u>
 Total liabilities	 <u>4,087,456</u>
NET POSITION	
Net investment in capital assets	14,719,233
Restricted for programs	1,894,015
Unrestricted	<u>(65,223)</u>
 Total net position	 <u><u>\$ 16,548,025</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, 2013

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
				Net (Expense) Revenue and Changes in Net Position
Governmental activities:				
Transportation	\$ 11,242,177	\$ -	\$ 11,577,844	\$ 14,200,000
Total governmental activities	<u>\$ 11,242,177</u>	<u>\$ -</u>	<u>\$ 11,577,844</u>	<u>\$ 14,200,000</u>
General Revenues				
Investment income				11,840
Other				<u>130,739</u>
Total general revenues				<u>142,579</u>
Change in net position				14,678,246
Net position - beginning of fiscal year				2,148,721
Prior period adjustment				<u>(278,942)</u>
Net position - beginning of fiscal year, restated				<u>1,869,779</u>
Net position - end of fiscal year				<u>\$ 16,548,025</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2013

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund
ASSETS			
Cash and investments	\$ 561,664	\$ 182,028	\$ 583,716
Accounts receivable		7,986	
Due from other agencies	614,726	170,987	119,218
Due from other funds	170,749	55,368	
Total assets	<u>\$ 1,347,139</u>	<u>\$ 416,369</u>	<u>\$ 702,934</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 46,775	\$ 99,939	\$ 4,356
Accrued payroll	30,544		
Unearned revenue	135,492	8,005	
Due to other agencies	55,213		72,394
Due to other funds	66,133	26,411	68,154
Total liabilities	<u>334,157</u>	<u>134,355</u>	<u>144,904</u>
Fund Balances:			
Restricted:			
Transportation planning		282,014	558,030
Unassigned	1,012,982		
Total fund balances	<u>1,012,982</u>	<u>282,014</u>	<u>558,030</u>
Total liabilities and fund balances	<u>\$ 1,347,139</u>	<u>\$ 416,369</u>	<u>\$ 702,934</u>

The accompanying notes are an integral part of this statement.

Freeway Service Patrol Fund	Highway 1 Program Fund	Highway 1 Auxiliary Fund	Totals
\$ 155,971	\$ 976,556	\$ 544,376	\$ 3,004,311
			7,986
		1,999,020	2,903,951
<u>10,765</u>	<u>15</u>	<u>/</u>	<u>236,897</u>
<u>\$ 166,736</u>	<u>\$ 976,571</u>	<u>\$ 2,543,396</u>	<u>\$ 6,153,145</u>
\$ 9,291	\$ 45,380	\$ 1,627,048	\$ 1,832,789
			30,544
		819,834	963,331
		35,325	162,932
<u>11,060</u>	<u>9,891</u>	<u>55,248</u>	<u>236,897</u>
<u>20,351</u>	<u>55,271</u>	<u>2,537,455</u>	<u>3,226,493</u>
146,385	921,300	5,941	1,913,670
			1,012,982
<u>146,385</u>	<u>921,300</u>	<u>5,941</u>	<u>2,926,652</u>
<u>\$ 166,736</u>	<u>\$ 976,571</u>	<u>\$ 2,543,396</u>	<u>\$ 6,153,145</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2013

Total Fund Balances - Governmental Funds	\$ 2,926,652
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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	\$ 14,855,470	
Accumulated depreciation	<u>(136,237)</u>	
Net		14,719,233

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	\$ 293,299	
OPEB liability	527,273	
PERS side fund liability	<u>277,288</u>	
Total		<u>(1,097,860)</u>

Total Net Position - Governmental Activities	<u>\$ 16,548,025</u>
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The accompanying notes are an integral part of this statement.

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund
Revenues			
Local Transportation Funds	\$ 1,155,843	\$ -	\$ -
Federal Highway Planning	486,995	29,804	
Motor vehicle fees			237,123
California Department of Transportation Grant			
RSTP Exchange Funds	42,959	401,779	
State Planning, Programming and Monitoring Funds	205,644	4,160,275	
State Rural Planning Assistance	322,038		
AB 2766	7,397		
Congestion Mitigation and Air Quality (CMAQ)	167,260		
FTA 5305 (Rotational Transit Intern)	13,568		
Fed 5304 Transit Survey	1,649		
Coastal Conservancy	202,503		
Aid from other governments			111,214
Proposition 116		10,200,000	
CMIA			
Union Pacific		384,580	
Use of money and property	970	2,642	1,878
Other	72,678	46,220	300
Total revenues	2,679,504	15,225,300	350,515
Expenditures			
Salaries and benefits	1,328,026	140,000	150,000
Services and supplies	433,625	318,278	193,352
Bike to work	50,000		
Carpool Incentive Program	15		
Trail Master Plan Consultant	247,243		
Community Traffic Safety Coalition	100,000		
Towing service			
Capital outlay		509,868	
Right of Way Acquisition Cost		14,200,000	
Other expenses	8,504		15
Total expenditures	2,167,413	15,168,146	343,367
Excess of revenues over (under) expenditures	512,091	57,154	7,148

The accompanying notes are an integral part of this statement.

<u>Freeway Service Patrol Fund</u>	<u>Highway 1 Program Fund</u>	<u>Highway 1 Auxiliary Lanes Fund</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 1,155,843
			516,799
			237,123
206,370			206,370
			444,738
		1,599,312	5,965,231
			322,038
			7,397
			167,260
			13,568
			1,649
			202,503
			111,214
			10,200,000
		5,841,531	5,841,531
			384,580
290	3,915	2,145	11,840
<u>11,541</u>			<u>130,739</u>
<u>218,201</u>	<u>3,915</u>	<u>7,442,988</u>	<u>25,920,423</u>
60,000	75,120	268,459	2,021,605
5,984	413,555	7,172,229	8,537,023
			50,000
			15
			247,243
			100,000
136,139			136,139
			509,868
			14,200,000
<u>5,850</u>			<u>14,369</u>
<u>207,973</u>	<u>488,675</u>	<u>7,440,688</u>	<u>25,816,262</u>
<u>10,228</u>	<u>(484,760)</u>	<u>2,300</u>	<u>104,161</u>

(Continued)

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund
Other Financing Sources (Uses):			
Operating transfers in	\$ -	\$ 110,000	\$ -
Operating transfers out	<u>(110,000)</u>	<u></u>	<u></u>
Total other financing sources (uses)	<u>(110,000)</u>	<u>110,000</u>	<u></u>
Excess of revenues and other sources over (under) expenditures and other uses	402,091	167,154	7,148
Fund balances - July 1	<u>610,891</u>	<u>\$ 114,860</u>	<u>\$ 550,882</u>
Fund balances - June 30	<u><u>\$ 1,012,982</u></u>	<u><u>\$ 282,014</u></u>	<u><u>\$ 558,030</u></u>

The accompanying notes are an integral part of this statement.

Freeway Service Patrol Fund	Highway 1 Program Fund	Highway 1 Auxiliary Fund	Totals
\$ -	\$ -	\$ -	\$ 110,000 (110,000)
10,228	(484,760)	2,300	104,161
\$ 136,157	\$ 1,406,060	\$ 3,641	2,822,491
\$ 146,385	\$ 921,300	\$ 5,941	\$ 2,926,652

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, 2013

Net Change in Fund Balances - Governmental Funds \$ 104,161

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 \$14,720,045 is greater than depreciation expense
\$4,724 in the period.

14,715,321

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 \$6,783.

(6,783)

In governmental funds, the repayment of the PERS side fund debt is
reported as a retirement expense. In the government-wide statements,
repayments are reported as a decrease in the long-term liabilities.
This is the amount by which interest incurred of \$20,119 is less
than the contributions made of \$21,773 in the period.

1,654

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 OPEB costs and actual employer contributions was:

(136,107)

Change in Net Position - Governmental Activities

\$ 14,678,246

The accompanying notes are an integral part of this statement.

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SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Private Purpose Trust Funds		
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund
ASSETS			
Cash and investments	\$ 2,466,445	\$ 1,094	\$ 6,233,497
Accounts receivable	1,297,600		
Due from other agencies		881,121	3,405,436
Total assets	<u>3,764,045</u>	<u>882,215</u>	<u>9,638,933</u>
LIABILITIES			
Liabilities:			
Accounts payable			
Due to other agencies		881,121	
Total liabilities		<u>881,121</u>	
NET POSITION			
Unrestricted	<u>\$ 3,764,045</u>	<u>\$ 1,094</u>	<u>\$ 9,638,933</u>

The accompanying notes are an integral part of this statement.

Pension (and Other Employee Benefits) Trust Funds

<u>PERS Health</u>	<u>In Lieu of Social Security</u>	<u>Miscellaneous Deductions</u>	<u>Totals</u>
\$ 22,896	\$ 9,320	\$ 9,382	\$ 8,742,634
			1,297,600
			4,286,557
<u>22,896</u>	<u>9,320</u>	<u>9,382</u>	<u>14,326,791</u>
		3,414	3,414
			881,121
		3,414	884,535
<u>\$ 22,896</u>	<u>\$ 9,320</u>	<u>\$ 5,968</u>	<u>\$ 13,442,256</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Private Purpose Trust Funds		
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund
Additions:			
Sales tax	\$ 7,796,002	\$ 3,040,708	\$ -
State highway exchange funds			3,405,261
Contributions from SCCRTC			
Interest	7,857	594	21,821
Total revenues	7,803,859	3,041,302	3,427,082
Deductions:			
Claimants:			
Santa Cruz Metropolitan Transit District	5,507,038	3,044,874	
Santa Cruz County Regional Transportation Commission	1,155,843		5,178
City of Santa Cruz	163,267		
County of Santa Cruz			1,460,000
Other	605,452		
Plan payments			
Total expenditures	7,431,600	3,044,874	1,465,178
Change in net position	372,259	(3,572)	1,961,904
Net position - beginning of fiscal year	3,391,786	4,666	7,677,029
Net position - end of fiscal year	\$ 3,764,045	\$ 1,094	\$ 9,638,933

The accompanying notes are an integral part of this statement.

Pension (and Other Employee Benefits) Trust Funds

<u>PERS Health</u>	<u>In Lieu of Social Security</u>	<u>Miscellaneous Deductions</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 10,836,710
310,319		90,339	3,405,261
	32		400,658
			30,304
<u>310,319</u>	<u>32</u>	<u>90,339</u>	<u>14,672,933</u>
			8,551,912
			1,161,021
			163,267
			1,460,000
			605,452
<u>308,493</u>		<u>124,106</u>	<u>432,599</u>
<u>308,493</u>		<u>124,106</u>	<u>12,374,251</u>
1,826	32	(33,767)	2,298,682
<u>21,070</u>	<u>\$ 9,288</u>	<u>39,735</u>	<u>11,143,574</u>
<u>\$ 22,896</u>	<u>\$ 9,320</u>	<u>\$ 5,968</u>	<u>\$ 13,442,256</u>

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), 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 and No. 61.

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 present 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 arises when assets are received before revenue recognition criteria have been satisfied. Grants received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been 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.

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, and Surface Transportation Program Exchange 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 Bank for payment of state and federal taxes, health insurance, and other contributions and deductions.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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 lives are 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. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in *Pre-November 30, 1989* FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2013.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the Commission's financial statements are explained in Note 8 – Net Position.

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, 2013, the Commission had the following cash and investments on hand:

Cash in bank and on hand	\$ 8,465
Cash and investments with the Santa Cruz County Treasurer's Investment Fund	<u>11,738,480</u>
Total cash and investments	<u>\$ 11,746,945</u>

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

Cash and investments, statement of net position	\$ 3,004,311
Cash and investments, statement of fiduciary net position	<u>8,742,634</u>
Total cash and investments	<u>\$ 11,746,945</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by the Commission's Investment Policy

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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 following table 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	\$ 11,738,480	\$ 11,738,480	\$ -	\$ -	\$ -
Total	\$ 11,738,480	\$ 11,738,480	\$ -	\$ -	\$ -

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	\$ 11,738,480	N/A	\$ -	\$ -	\$ -	\$ 11,738,480
Total	\$ 11,738,480		\$ -	\$ -	\$ -	\$ 11,738,480

Concentration of Credit Risk

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

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

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

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

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

Investment in Santa Cruz County Treasurer's Investment Fund

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

NOTE 3 – DUE FROM OTHER AGENCIES

Due from other agencies consists of the following at June 30, 2013:

Special Revenue Funds

<u>Agency</u>	<u>Administration and Planning Fund</u>	<u>Rail/Authority Fund</u>	<u>Service Authority for Emergencies Fund</u>	<u>Freeway Service Patrol Fund</u>	<u>Highway 1 Program Fund</u>	<u>Highway 1 Auxiliary Fund</u>
State grants (DOT)	\$ 232,597	\$ 160,350	\$ -	\$ -	\$ -	\$ 1,999,020
Federal grants (DOT)	300,584					
Other	81,545	10,637	119,218			
Totals	\$ 614,726	\$ 170,987	\$ 119,218	\$ -	\$ -	\$ 1,999,020

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – DUE FROM OTHER AGENCIES (Continued)

Fiduciary Funds

<u>Agency</u>	<u>State Transit Assistance Fund</u>	<u>Surface Transportation Program Exchange Fund</u>
State grants (DOT)	\$ 881,121	\$ 3,405,436
Totals	<u>\$ 881,121</u>	<u>\$ 3,405,436</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, 2013, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Administration and Planning	\$ 170,749	\$ 66,133
Rail/Trail Authority	55,368	26,411
Service Authority for Freeway Emergencies		68,154
Freeway Service Patrol	10,765	11,060
Highway 1 Auxiliary		55,248
Highway 1 Program	15	9,891
	<u>\$ 236,897</u>	<u>\$ 236,897</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 2012-2013 fiscal year, are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
Administration and Planning	\$ -	\$ 110,000
Rail/Trail Authority	110,000	
	<u>\$ 110,000</u>	<u>\$ 110,000</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental activities				
Nondepreciable capital assets				
Right of way	\$ -	\$ 14,200,000	\$ -	\$ 14,200,000
Construction in progress		509,868		509,868
Total nondepreciable capital assets	<u>\$ -</u>	<u>\$ 14,709,868</u>	<u>\$ -</u>	<u>\$ 14,709,868</u>
Depreciable capital assets				
Equipment	<u>\$ 135,425</u>	<u>\$ 10,177</u>	<u>\$ -</u>	<u>\$ 145,602</u>
Total depreciable capital assets	135,425	10,177		145,602
Less accumulated depreciation	(131,513)	(4,724)		(136,237)
Net depreciable capital assets	<u>\$ 3,912</u>	<u>\$ 5,453</u>	<u>\$ -</u>	<u>\$ 9,365</u>
Net capital assets	<u>\$ 3,912</u>	<u>\$ 14,715,321</u>	<u>\$ -</u>	<u>\$ 14,719,233</u>

NOTE 6 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, is shown below:

	Balance July 1, 2012	Prior Period Adjustment	Additions	Deletions	Balance June 30, 2013	Due within One Year
Governmental activities						
Compensated Absences	\$ 286,516	\$ -	\$ 186,449	\$ 179,666	\$ 293,299	\$ -
OPEB Liability	391,166		171,361	35,254	527,273	
PERS Side Fund Liability		278,942	20,119	21,773	277,288	22,417
Governmental activities						
Long-term liabilities	<u>\$ 677,682</u>	<u>\$ 278,942</u>	<u>\$ 377,929</u>	<u>\$ 236,693</u>	<u>\$ 1,097,860</u>	<u>\$ 22,417</u>

NOTE 7 - EMPLOYEES' RETIREMENT PLAN

Plan Description

The Santa Cruz County Regional Transportation Commission's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The Commission selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 - EMPLOYEES' RETIREMENT PLAN (Continued)

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The Santa Cruz County Regional Transportation Commission pays the CORE unit's employee portion of the CalPERS contribution in the amount of 7% for the Miscellaneous Plan. The Santa Cruz County Regional Transportation Commission is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012/2013, was 11.751% of annual payroll. The contribution requirements of the plan members are established by the State statutes and the employer contribution rate is established and may be amended by CalPERS. The Santa Cruz County Regional Transportation Commission's contributions to CalPERS for the fiscal years ending June 30, 2013, 2012, and 2011, were \$214,156, \$203,652, and \$181,935, respectively, and equal 100% of the required contributions for each fiscal year.

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)

A. Plan Description

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The Commission's financial obligation is to pay up to the premium cost paid for active employees for the eligible retiree and covered dependents.

The Commission offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.

Employees become eligible to retire and receive Commission-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The Commission's contribution on behalf of retirees is the same as for active employees – up to \$613 of PEMHCA premium for retiree and covered dependents. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

B. Funding Policy

As required by GASB Statement No. 45, an actuary will determine the Commission's Annual Required Contribution (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

GASB Statement No. 45 does not require pre-funding of OPEB benefits. Therefore, the Commission's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The Commission has elected not to establish an irrevocable trust at this time.

The Board of Directors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the Commission.

C. Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the Commission's Annual OPEB Cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan (including administrative costs), and changes in the Commission's Net OPEB Obligation/(Asset):

<u>Item</u>	<u>FYE 6/30/13</u>
Annual Required Contributions	\$ 171,385
Interest on Net OPEB Obligation/(Asset)	17,602
Adjustment to the Annual Required Contributions	(17,626)
Annual OPEB cost (expense)	171,361
Contributions made	35,254
Increase in Net OPEB Obligation/(Asset)	136,107
Net OPEB Obligation/(Asset) - beginning of fiscal year	391,166
Net OPEB Obligation/(Asset) - end of fiscal year	<u>\$ 527,273</u>

The Commission's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligations/(Asset) for the fiscal years ended June 30, 2013, June 30, 2012, and June 30, 2011 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/ (Asset)</u>
6/30/11	\$ 155,990	\$ 21,694	13.91%	\$ 262,218
6/30/12	\$ 157,474	\$ 28,526	18.11%	\$ 391,166
6/30/13	\$ 171,361	\$ 35,254	20.57%	\$ 527,273

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

D. Funded Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2012	\$ 0	\$ 1,595,221	\$ 1,595,221	0.00%	\$ 1,239,820	129%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the Commission are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information that show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Plan's most recent actuarial valuation was performed as of July 1, 2012. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4.5 percent investment rate (net of administrative expense) and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after 7 years. These assumptions reflect an implicit 3.25 percent general inflation assumption. The Commission's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of July 1, 2012, was 27 years.

NOTE 10 – PUBLIC EMPLOYEES RETIREMENT SYSTEM SIDE FUND

At the time the Commission joined the Public Employees Retirement System (PERS) Risk Pool, a side fund was required to be created to account for the difference between the funded status of the pool and the funded status of the Commission's plan, in addition to the existing plans unfunded liability. The side fund will be credited, on an annual basis, with the actuarial investment return assumption which was 7.75% prior to July 1, 2012 and 7.5% after that date. A side fund liability will cause the Commission's required PERS employer contribution rate to be increased by the amortization of the side fund. The side fund liability for the Commission's plan as of June 30, 2013 was \$277,288.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$(278,942) was made which affects the government-wide statement of activities. In prior years, the Commission did not record the PERS side fund liability.

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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, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Local Transportation Funds	\$ 892,981	\$ 1,155,843	\$ 1,155,843	\$ -
Federal Highway Planning	413,437	645,783	486,995	(158,788)
RSTP Exchange	159,264	165,981	42,959	(123,022)
State Planning, Programming and Monitoring Funds	227,926	163,537	205,644	42,107
State Rural Planning Assistance	315,000	322,411	322,038	(373)
Coastal Conservancy	250,000	250,000	202,503	(47,497)
AB 2766	48,000	68,784	7,397	(61,387)
Congestion Mitigation and Air Quality (CMAQ)	189,658	186,960	167,260	(19,700)
FTA 5305 (Rotational Transit Intern)	13,413	13,568	13,568	
Fed 5304 Transit Survey		1,649	1,649	
Use of money and property			970	970
Other	167,584	242,259	72,678	(169,581)
Total revenues	2,677,263	3,216,775	2,679,504	(537,271)
Expenditures				
Salaries and benefits	1,411,888	1,420,679	1,328,026	92,653
Services and supplies	849,122	1,301,260	433,625	867,635
Bike to work	50,000	50,000	50,000	
Carpool Incentive Program	40,000	50,046	15	50,031
On-board Transit Survey	5,000			
Trail Master Plan Consultant	290,000	430,273	247,243	183,030
Community Traffic Safety Coalition	100,000	100,000	100,000	
Other expenses			8,504	(8,504)
Total expenditures	2,746,010	3,352,258	2,167,413	1,184,845
Excess of revenues over (under) expenditures	(68,747)	(135,483)	512,091	647,574
Other Financing Sources (Uses):				
Operating transfers out	(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	(178,747)	(245,483)	402,091	647,574
Fund balance - July 1	610,891	610,891	610,891	
Fund balance - June 30	\$ 432,144	\$ 365,408	\$ 1,012,982	\$ 647,574

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal Highway Planning	\$	\$ 29,805	\$ 29,804	\$ (1)
RSTP Exchange Funds	700,000	401,779	401,779	
State Planning, Programming and Monitoring Funds	5,350,000	9,350,000	4,160,275	(5,189,725)
Proposition 116		10,200,000	10,200,000	
Use of money and property	60,000	46,500	2,642	(43,858)
Union Pacific	134,156	400,000	384,580	(15,420)
Other revenues			46,220	46,220
Total revenues	6,244,156	20,428,084	15,225,300	(5,202,784)
Expenditures				
Salaries and benefits	110,000	140,000	140,000	
Services and supplies	294,156	441,165	318,278	122,887
Rail Improvements	5,950,000	5,871,779	509,868	5,361,911
Right of Way Acquisition Cost		14,200,000	14,200,000	
Total expenditures	6,354,156	20,652,944	15,168,146	5,484,798
Excess of revenues over (under) expenditures	(110,000)	(224,860)	57,154	282,014
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		(114,860)	167,154	282,014
Fund balance - July 1	114,860	114,860	114,860	
Fund balance - June 30	\$ 114,860	\$ -	\$ 282,014	\$ 282,014

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Motor vehicle fees	\$ 230,000	\$ 235,000	\$ 237,123	\$ 2,123
Aid from other governments	50,000	140,290	111,214	(29,076)
Use of money and property	4,000	4,000	1,878	(2,122)
Other revenue			300	300
Total revenues	<u>284,000</u>	<u>379,290</u>	<u>350,515</u>	<u>(28,775)</u>
Expenditures				
Salaries and benefits	110,000	150,000	150,000	
Services and supplies	260,800	312,640	193,352	119,288
Other expenses			15	(15)
Total expenditures	<u>370,800</u>	<u>462,640</u>	<u>343,367</u>	<u>119,273</u>
Excess of revenues over (under) expenditures	(86,800)	(83,350)	7,148	90,498
Fund balance - July 1	<u>550,882</u>	<u>550,882</u>	<u>550,882</u>	
Fund balance - June 30	<u>\$ 464,082</u>	<u>\$ 467,532</u>	<u>\$ 558,030</u>	<u>\$ 90,498</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
RSTPX	\$	\$ -	\$ -	\$ -
California Department of Transportation Grant	204,000	206,370	206,370	
State Planning, Programming and Monitoring Funds	112,000	120,000		(120,000)
Use of money and property	1,000	630	290	(340)
Other revenue			11,541	11,541
Total revenues	<u>317,000</u>	<u>327,000</u>	<u>218,201</u>	<u>(108,799)</u>
Expenditures				
Salaries and benefits	60,000	60,000	60,000	
Services and supplies	17,000	17,000	5,984	11,016
Towing service	310,000	320,000	136,139	183,861
Other expenses			5,850	(5,850)
Total expenditures	<u>387,000</u>	<u>397,000</u>	<u>207,973</u>	<u>189,027</u>
Excess of revenues over (under) expenditures	(70,000)	(70,000)	10,228	80,228
 Fund balance - July 1	<u>136,157</u>	<u>136,157</u>	<u>136,157</u>	
Fund balance - June 30	<u>\$ 66,157</u>	<u>\$ 66,157</u>	<u>\$ 146,385</u>	<u>\$ 80,228</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, 2013

	<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	\$	\$ -	\$ 3,915	\$ 3,915
RSTP Exchange Funds	1,365,088	185,000		(185,000)
CMIA				
Total revenues	1,365,088	185,000	3,915	(181,085)
Expenditures				
Salaries and benefits	150,000	75,000	75,120	(120)
Services and supplies	1,215,088	1,871,231	413,555	1,457,676
Total expenditures	1,365,088	1,946,231	488,675	1,457,556
Excess of revenues over (under) expenditures		(1,761,231)	(484,760)	1,276,471
Fund balance - July 1	1,406,060	1,406,060	1,406,060	
Fund balance - June 30	<u>\$ 1,406,060</u>	<u>\$ (355,171)</u>	<u>\$ 921,300</u>	<u>\$ 1,276,471</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, 2013

	<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	\$ -	\$ -	\$ 2,145	\$ 2,145
STIP Funds	1,513,978	1,749,312	1,599,312	(150,000)
CMIA	11,400,608	10,463,342	5,841,531	(4,621,811)
Total revenues	<u>12,914,586</u>	<u>12,212,654</u>	<u>7,442,988</u>	<u>(4,769,666)</u>
Expenditures				
Salaries and benefits	224,586	239,586	268,459	(28,873)
Services and supplies	12,690,000	11,973,068	7,172,229	4,800,839
Total expenditures	<u>12,914,586</u>	<u>12,212,654</u>	<u>7,440,688</u>	<u>4,771,966</u>
Excess of revenues over (under) expenditures			2,300	2,300
Fund balance - July 1	<u>3,641</u>	<u>3,641</u>	<u>3,641</u>	
Fund balance - June 30	<u>\$ 3,641</u>	<u>\$ 3,641</u>	<u>\$ 5,941</u>	<u>\$ 2,300</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2013

The following table provides required supplementary information regarding the Commission's post employment health care benefits.

<u>Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
July 1, 2009	\$ -	\$ 1,296,810	\$ 1,296,810	0.0%	\$ 1,707,826	76%
July 1, 2012	\$ -	\$ 1,595,221	\$ 1,595,221	0.0%	\$ 1,239,820	129%

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SUPPLEMENTARY INFORMATION SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**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 fund, 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, 2013.

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, 2013.

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
December 17, 2013

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2013

Claimant/Purpose/Authority*	Allocated Balance July 1, 2012	Allocation	Expended	Allocated Balance June 30, 2013
Santa Cruz Metropolitan Transit District				
Transit operator assistance PUC § 99260(a)	\$ -	\$ 5,507,038	\$ 5,507,038	\$ -
Totals		5,507,038	5,507,038	
Santa Cruz County Regional Transportation Commission Administration				
PUC § 99233.1		725,657	725,657	
Planning PUC § 99402		430,186	430,186	
Totals		1,155,843	1,155,843	
City of Santa Cruz Volunteer Center				
PUC § 99400 (c)		605,452	605,452	
Pedestrian and bicycle PUC § 99400 (a)	453,695	76,515	163,267	366,943
Totals	453,695	681,967	768,719	366,943
County of Santa Cruz Pedestrian and bicycle				
PUC § 99400 (a)	346,418	161,531		507,949
Totals	346,418	161,531		507,949
City of Scotts Valley Pedestrian and bicycle				
PUC § 99400 (a)	27,818	14,377		42,195
Totals	27,818	14,377		42,195
City of Capitola Pedestrian and bicycle				
PUC § 99400 (a)	114,680	12,327		127,007
Totals	114,680	12,327		127,007
City of Watsonville Pedestrian and bicycle				
PUC § 99400 (a)	223,254	63,740		286,994
Totals	223,254	63,740		286,994
Grand totals	\$ 1,165,865	\$ 7,596,823	\$ 7,431,600	\$ 1,331,088

* 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, 2013

Claimant/Purpose/Authority*	Allocated Balance July 1, 2012	Allocation	Expended	Allocated Balance June 30, 2013
Santa Cruz Metropolitan Transit District				
Transit operator assistance CAC § 6730 a	\$ -	\$ 3,044,874	\$ 3,044,874	\$ -
Total	\$ -	\$ 3,044,874	\$ 3,044,874	\$ -

* California Administrative Code