

**SANTA CRUZ COUNTY REGIONAL
TRANSPORTATION COMMISSION**

AUDIT REPORT
June 30, 2014

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
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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, 2014, 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, 2014, and the respective changes in financial position thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Changes in Accounting Principles

As discussed in note 1 to the basic financial statements effective July 1, 2013, the Santa Cruz Regional Transportation Commission adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Correction-2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 15, the budgetary information on pages 45 through 50, and the schedule of funding progress for post employment benefits other than pensions on page 51, 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 30, 2014, on our consideration of the Santa Cruz County Regional Transportation Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Moss, Remy & Haugheim LLP

Santa Maria, California
December 30, 2014

Management Discussion and Analysis

Fiscal Year Ending June 30, 2014

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 FY13/14 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 raised through a 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 a major update was adopted in June 2014. The RTP now includes sustainability targets and an evaluation of the transportation plan's ability to meet the targets. 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 were implemented in FY13/14; the dollar amounts reflect the RTC's contribution to the total project costs:

- Broadway-Brommer Bike/Pedestrian Path/Arana Gulch Multiuse Trail, Santa Cruz: \$3.5 million (STIP, RSTPX, CMAQ, TDA)
- Soquel/Park Way Intersection Safety Improvements, Santa Cruz: \$450,000 (STIP)

- Bus Stop Upgrades, Countywide: \$500,000 (STIP)
- Bus Mainline Routes Runtime Recalibration: \$30,000 (RSTPX)
- Highway 1 Soquel Ave-Morrissey Blvd Auxiliary Lanes: \$20 million (CMIA, RSTPX, STIP)
- Corralitos Rd Left Turn Ln (Bradley Elementary School): \$278,000 (RSTPX)
- Scotts Valley Dr Slurry Seal, Rehabilitation, and Restriping (Mt. Hermon Rd to Granite Creek Rd), Scotts Valley: \$225,000 (RSTPX)
- Santa Cruz County Open Streets community events: \$25,000 (RSTPX)
- South County Youth Bike Safety Training: \$30,000 (RSTPX)
- Bike/Walk School Incentive and Tracking Program (Boltage/Active4Me), elementary schools: \$25,000 (RSTPX)

Highway 1 Projects

In FY13/14, the RTC continued management of two regionally significant projects on Highway 1: pre-construction activities using federal- and state funds for the Highway 1 Corridor Investment Program, and 2: construction using state funds for 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 Program. 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 long-term 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 with 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 February 2012 and the new auxiliary lanes became available for use in November 2013. The construction work will be complete at the end of the plant establishment period for replacement landscaping in December 2014.

Rail Corridor

The Regional Transportation Commission (RTC) completed acquisition of the 31-mile Santa Cruz Branch Rail Line right-of-way in October 2012. In FY 13/14, the RTC completed engineering work to rehabilitate the structures and awarded a contract for the construction work. The RTC secured a Caltrans Transit Planning grant to analyze the feasibility of commuter and/or intercity passenger rail service in the corridor. A Request for Proposals was developed, a consultant team was selected and work began on the initial stages of feasibility analysis.

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 FY13/14. The MBSST Network will see the 32-mile rail right-of-way as the system's spine adjacent to any rail service. Staff and the consultant team produced a Final Master Plan and Final Environmental Impact Report (EIR), considered numerous comments from the public, and presented the documents to the RTC for adoption in November, 2013. The Master Plan will serve as the guiding document for implementation of the rail trail as funding becomes available. An amendment to the Master Plan and an addendum to the EIR were adopted in Feb, 2014. The RTC allocated \$5.3M to the MBSST project in December 2013. The following three projects received funding 1) City of Santa Cruz: rail trail Natural Bridges to Pacific Ave, \$4,060,000; 2) City of Watsonville: rail trail for Lee Road east to slough trail connection, \$1,040,000; and 3) Live Oak: Twin Lakes beachfront on-road bike and pedestrian improvements from 5th Ave to 7th Ave, \$200,000. RTC staff also began building funding partnerships with the **Land Trust of Santa Cruz County** and **Friends of the Rail and Trail** who are interested in raising private funds and building community stewardship of the rail trail project.

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 900 calls were placed from Santa Cruz County call boxes in FY13/14. In FY 13/14, after a full procurement process, the RTC authorized a contract for call box maintenance services and call box upgrades. 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. The FSP provided approximately 1,500 assists in FY 13/14.

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. Completed in December 2013, this planning effort found that a 511 service was feasible and provided a roadmap to implement such a service. Following RTC authorization to implement a traveler information service for Santa Cruz County, work began in January 2014 to implement an online, centralized, multimodal traveler information service with launch anticipated in early 2015. The service will provide travelers with real-time traffic conditions including travel speeds, images from traffic cameras, and incident and

construction notifications. The service will also be a go-to resource for travel mode options, public and private transportation services, specialized transportation, and travel alerts during transportation emergencies. Built upon a mobile responsive platform, 511 information can be viewed on a wide variety of mobile devices, smart phones and computers. For those without online access or needing personal assistance, help desk staff will be available.

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. While the programs' offerings have evolved over the years in response to changing needs and opportunities, the mainstay has been to provide tools, information and encouragement to commuters about options for travel other than driving alone. These alternatives include carpooling, vanpooling, bicycling, walking, taking public transit and telecommuting. The program also assists employers, schools, and other organizations in developing travel programs for their employees and constituents. In 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 and school based travel programs. These services included work with businesses relocating to new sites and others seeking green business certification. Residential density maps that clustered groups of potential new school carpools were used to increase shared rides and reduce traffic around schools.

To reach more people and streamline operations, for the past several years, Commute Solutions has moved more and more of its resources online. A program evaluation in early 2014, led to a decision to build upon RTC's core strengths of providing traveler information and marketing travel alternatives and to continue the trend of centralizing information on the web. These objectives are consistent with those of RTC's new 511 service and help to advance the sustainability goals and targets of the RTC's 2014 Regional Transportation Plan (RTP). It is anticipated that Commute Solutions and 511 will be consolidated under the 511 umbrella following launch of the new traveler information service in 2015.

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 Activity**) 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 continues to have 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 and 45 apply to the Statement of Net Position; therefore, a reconciliation is needed to balance the Fund Balance and Total Net Position. In addition to the Statement of Revenues, Expenditures, and Changes in Fund Balances (pages 22 – 26), actual results for each fund are compared to the budget (pages 45-50).

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 three: 1) Nonspendable, 2) Restricted, and 3) Unassigned

4. FINANCIAL HIGHLIGHTS

FY2014 is another year of major accomplishment, which included the construction of auxiliary lanes on Highway 1; contract award for the rehabilitation/construction of railroad bridges, completion of the MBSST master plan, and adoption of the long-range 2014 Regional Transportation Plan (RTP) for Santa Cruz County. The RTC was in respectable liquidity and was able to manage the projects without any major cash flow issues; and the costs were in line with the budget. The TDA revenues set a new record high, which was, unfortunately, tempered by the loss of previously dependable CMAQ and FHWA PL revenues. The long-term liabilities continue to increase as a result of the unfunded Other Post Employment Benefits (OPEB). Overall, the FY2014 financial statements reflect financial stability.

Governmental Funds

Net Assets

The Total Net Position increase of \$1,496,065 to \$18,044,090 is primarily due to the capitalization of

work in progress costs related to rail bridge rehabilitation/construction, which totaled \$1,716,997 (Note 5 on page 41). The deficit (\$2,549) in the Unrestricted Net Position in FY2014 is due to ever rising long-term liabilities. The Long-term Liabilities are up \$151,357 to \$1,249,217 (Note 6 on page 41) and consist of Side Fund Liability -\$274,842; Compensated Balance (accrued vacation, sick leave and administrative leave hours) - \$295,309; and OPEB - \$679,066. While other components of Long-term Liabilities show minor change from FY2013, the OPEB increased by \$151,793 to \$679,066; and will continue to grow if the current pay-as-you go funding is maintained.

Cash and Receivables

The cash balance grew by \$713,711 in FY2014 due to the restricted reserve funds (\$435,145) in Planning and Administration Fund; these reserves cannot be expended without prior Board approval. The cash balance was also helped by unspent lump sum funds received by Rail/Trail Fund (\$615,000 RSTPX) and Highway 1 Auxiliary Lanes (\$850,000 advance in CMIA and STIP funds), which make up the bulk of the Unearned Revenues (\$1,766,262). The receivables are lower as Caltrans continued to process the grant invoices on a timely basis. Also, the construction projects grants were billed monthly instead of quarterly resulting in less accrued revenues and the corresponding receivables at year end.

Capital Assets

No new depreciable capital assets were acquired in FY2014. The capitalization of work in progress costs (\$1,716,997) related to rail bridge rehabilitation/construction account for the increase of \$1,714,504 in Capital Assets as shown in Note 5 on page 41.

Liabilities

The accounts payable significantly decreased by \$785,665 (43%) in FY2014, with the completion of the construction work. The Highway 1 Auxiliary Lanes Fund's accounts payable sharply fell to \$80,407 from \$1,627,048 in the prior year. In FY2013 this fund accounted for 89% of the total payables (\$1,832,789). The decrease was partially offset by Rail/Trail Fund which saw an increase of \$99,939 to \$907,923 in payables. The increase in long-term liabilities is due to unfunded OPEB liabilities as it was noted earlier.

Other Highlights

The SAFE Fund made a short term loan of \$70,000 to FSP in FY2014 to help with cash flow until the receipt of the Caltrans grant (\$200,330); 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 Position. Due From (\$233,251) and Due To Other Funds (\$233,251) 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).

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

**STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES**

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Change</u>
Cash and Investment	\$ 3,718,022	\$ 3,004,311	\$ 713,711
Receivables	2,159,523	2,911,937	(752,414)
Prepaid Expenses	19,840	0	19,840
Capital Assets:			
Nondepreciable	16,426,865	14,709,868	1,716,997
Depreciable, Net	<u>6,872</u>	<u>9,365</u>	<u>(2,493)</u>
Total Assets	<u>22,331,122</u>	<u>20,635,481</u>	<u>1,695,641</u>
Accounts Payable	1,047,124	1,832,789	(785,665)
Accrued Expense	47,289	30,544	16,745
Due to Other Agencies	177,140	162,932	14,208
Unearned Revenue	1,766,262	963,331	802,931
Noncurrent Liabilities	<u>1,249,217</u>	<u>1,097,860</u>	<u>151,357</u>
Total Liabilities	<u>4,287,032</u>	<u>4,087,456</u>	<u>199,576</u>
Net Investment in Capital Assets	16,433,737	14,719,233	1,714,504
Restricted	1,612,902	1,894,015	(281,113)
Unrestricted	<u>(2,549)</u>	<u>(65,223)</u>	<u>62,674</u>
Total Net Position	<u>\$18,044,090</u>	<u>\$ 16,548,025</u>	<u>\$1,496,065</u>

Revenues

Combined, the governmental funds revenues decreased in FY2014 in all funding sources. The decrease is more significant in State funds, which declined \$17,032,992 to \$6,210,632 from \$23,243,624 the year before. The decrease is due to the fact that certain funds were not received in FY2014 as the major projects such as the Rail Line acquisition was consummated in FY2013 and there was less Highway 1 Auxiliary Lanes construction work in FY2014. The following is a FY2014 and FY2013 comparison of major State grants:

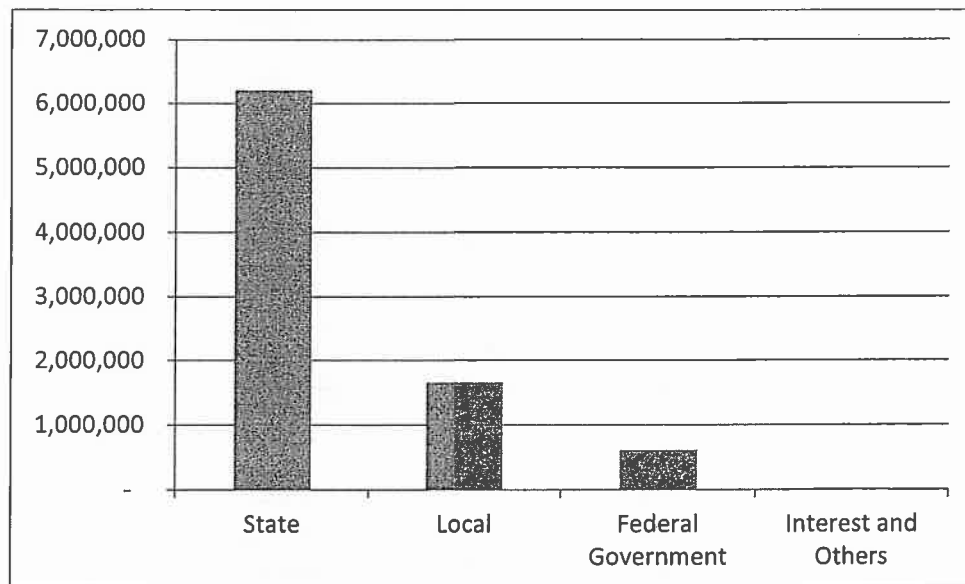
	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Change</u>
STIP (Rail/Trail)	\$1,830,572	\$ 4,160,275	\$ (2,329,703)
Proposition 116 (Rail/Trail)	0	10,200,000	(10,200,000)
RSTPX (Rail/Trail)	0	401,779	(401,779)
STIP (Hwy 1 Auxiliary Lanes)	0	1,599,312	(1,599,312)
CMIA (Hwy 1 Auxiliary Lanes)	<u>3,534,560</u>	<u>5,841,531</u>	<u>(2,306,971)</u>
Total	<u>\$5,365,132</u>	<u>\$ 22,202,897</u>	<u>\$(16,837,765)</u>

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

Table
FY2014 Funding by Source

	<u>FY2014</u>		<u>FY2013</u>	
State	6,210,632	(73%)	23,243,624	(90%)
Local	1,662,757	(20%)	1,892,731	(7%)
Federal	611,502	(7%)	699,276	(2.7)
Interest & Others	<u>17,753</u>	<u>(-%)</u>	<u>84,792</u>	<u>(0.3%)</u>
Total	8,502,641	(100%)	25,920,423	(100%)

Figure 1
FY2014 Funding by Source



For local funds, the decrease is due to a one time grant for \$400,000 for the purchase of the Rail Right of Way which was only received in FY2013. The DMV Fees show a modest increase of \$8,517 (3.6%) to \$245,640. The decrease in Federal funds reflects the lower FHWA PL receipts of \$100,000 from \$251,410 the RTC received in FY2013. The allocation has been further reduced to \$60,000. Also, the RTC received the last CMAQ funds in FY2014.

Expenditures

The combined expenditures are much lower in FY2014 than in the previous year primarily as a result of the change in activity level in the Rail/Trail Fund and Highway 1 Auxiliary Lanes Fund. The total expenditures were \$1,987,340 and \$3,531,909 respectively for Rail/Trail and Highway Auxiliary Lanes against \$15,168,146 and \$7,440,688 in the same order in FY2013. At \$2,060,920 the payroll reflects a 1.9% increase in FY2014, which is much less than the 5.4% rate recorded in FY2013.

The towing costs on Highway 1, which were funded by the TDM Project in Highway 1 Auxiliary Lanes Fund in FY2013 were accounted for in the FSP Fund in FY2014. For this reason, towing costs in the FSP Fund almost double from \$136,139 to \$260,540. Again, there were no unemployment claims in FY2014, 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 FY2013 at \$50,000 and \$100,000 respectively.

The following is the FY2014 Statement of Revenues, Expenditures & Change in Fund Balance with comparison to prior year of Governmental funds:

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

	<u>FY2014</u> <u>6/30/2014</u>	<u>FY2013</u> <u>6/30/2013</u>	<u>Change</u>
State	\$6,210,632	\$23,243,624	\$(17,032,992)
Local	1,662,757	1,892,731	(229,974)
Federal Revenues	611,502	699,276	(87,774)
Other (Including Interest)	<u>17,750</u>	<u>84,792</u>	<u>(67,039)</u>
Total Revenues	<u>\$8,502,641</u>	<u>\$25,920,423</u>	<u>\$(17,417,782)</u>
Salaries & Benefits	2,060,920	2,021,620	39,300
Services and Supplies	4,080,776	8,537,023	(4,456,247)
Bike to Work	50,000	50,000	0
Ecology Action (Boltage)	21,459	0	21,459
Community Traffic Safety Coalition	100,000	100,000	0
Trail Master Plan Consultant (MBSST)	198,677	247,243	(48,566)
Towing Services	260,540	136,139	124,401
Capital Outlay	1,716,997	509,868	1,207,129
Right of Way Acquisition Cost		14,200,000	(14,200,000)
Other Expenses	<u>80,354</u>	<u>14,369</u>	<u>65,985</u>
Total Expenditures	<u>8,569,723</u>	<u>25,816,262</u>	<u>(17,246,539)</u>
Excess of Revenues Over Expenditures	(67,082)	104,161	(171,243)
Beginning Fund Balance	<u>2,926,652</u>	<u>2,822,491</u>	<u>104,161</u>
Ending Fund Balance	<u>\$2,859,570</u>	<u>\$ 2,926,652</u>	<u>\$ (67,082)</u>

Fiduciary Funds

The combined cash balance increased \$955,063 (10.9%) to \$9,697,697 from \$8,742,634 on 6/30/2013 due to unclaimed prior years allocations; unallocated STPX funds (\$3,122,849); the reserves set up in the TDA Fund; and increased TDA cash receipts as shown in Figure 2 below. The unallocated RSTPX funds have since been programmed to projects. The unclaimed allocation distribution by jurisdictions and funding sources is as follows:

**UNCLAIMED TDA AND STP EXCHANGE ALLOCATIONS
FY2014 ENDING 6/30/2014**

	Total	TDA	RSTP Exchange
County of Santa Cruz	\$2,347,565	\$ 690,944	\$1,656,621
City of Capitola	678,958	140,958	538,000
City of Santa Cruz	345,931	345,931	0
City of Scotts Valley	283,508	58,508	225,000
City of Watsonville	1,129,068	199,068	930,000
Santa Cruz Metro (SCMTD)	30,000	0	30,000
SCCRTC	880,906	0	880,906
Unallocated	<u>3,819,287</u>	<u>696,438</u>	<u>3,122,849</u>
TOTAL	<u>\$9,515,223</u>	<u>\$2,131,847</u>	<u>\$7,383,376</u>

Net Position is up \$718,032 in comparison to FY2013. The Due from Other Agencies (\$3,760,810) is a result of revenue accruals – RSTPX Exchange (\$2,929,568), STA (\$831,242). The accounts receivable balance (1,379,300) is comprised of additional TDA accruals for the May and June revenues, which were received respectively in July and August. Due to Other Agencies (\$652,043) represents the fourth quarter STA funds due to Santa Cruz Metropolitan Transit District (SCMTD). The Due From and Due to Other Agencies declined by \$525,747 and \$229,078 respectively as a result of decreased RSTPX and STA revenues. The Statement of net position of Fiduciary Funds is presented below:

**STATEMENT OF NET POSITION
FIDUCIARY FUNDS**

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>Change</u>
Cash and Investment	\$ 9,697,697	\$ 8,742,634	\$ 955,063
Accounts Receivable	1,388,232	1,297,600	90,632
Due from Other Agencies	3,760,810	4,286,557	(525,747)
Prepays	<u>607</u>	<u>0</u>	<u>607</u>
Total Assets	14,847,346	14,326,791	520,555
Accounts Payable	35,015	3,414	31,601
Due to Other Agencies	<u>652,043</u>	<u>881,121</u>	<u>(229,078)</u>
Total Liabilities	687,058	884,535	(197,477)
Net Position	\$ 14,160,288	\$13,442,256	\$ 718,032

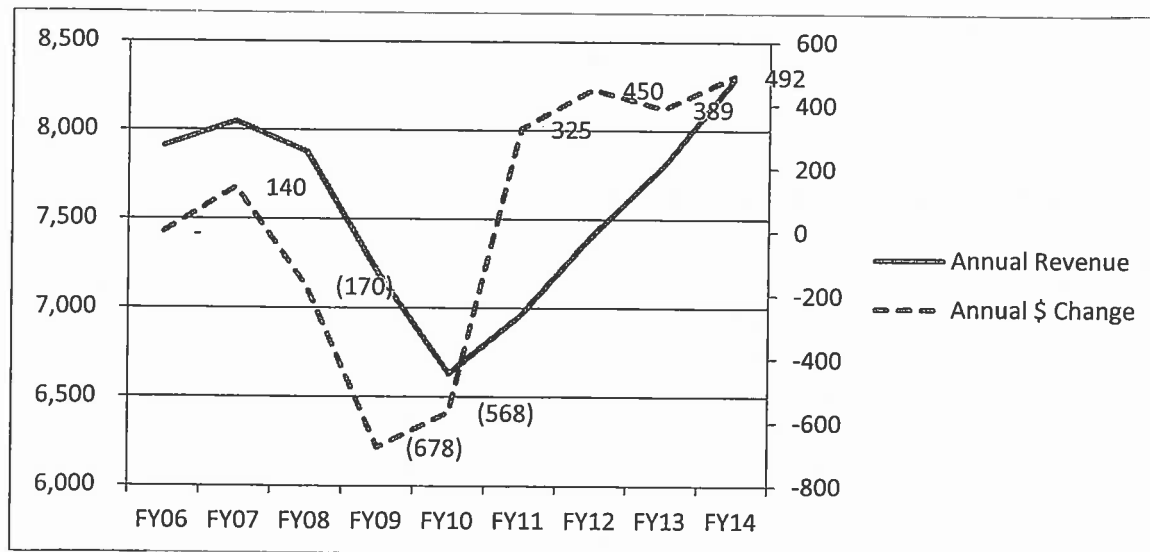
The TDA revenues show an impressive growth of \$573,288 (7.4%) over a similar twelve month period in FY2013; and they set a new high record at \$8,369,290. FY2014 TDA revenues were also \$203,435 (2.5%) above budget (\$8,168,852). However, the combined revenues are slightly down to \$14,650,072 from \$14,672,933 due to weaknesses in RSTPX and STA revenues which fell by \$475,869 (14%) and \$102,240 (3.4%) respectively. The modest growth in combined revenues would suggest that the Net Position increase of \$718,032 could be attributed primarily to the reserves in TDA Fund (\$696,438) as shown in the above Unclaimed TDA and STP Exchange Allocations table. The Miscellaneous Deductions Fund has become more insignificant as certain liabilities such as

PERS Retirement, which were previously paid through the Miscellaneous Deduction Trust Fund (checks cut by the County Auditor Office) are now settled through the payroll bank account at a local commercial bank.

While the TDA revenues show a steady growth over the last four years, the RSTPX and STA revenues are not readily predictable. 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>	
FY2006	7,908,253	508,761	
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%
FY2014	8,287,590	491,588	6.3%

Figure 2
TDA Annual Revenues and Changes – Last Eight (9) Years
FY2006 – FY2014
(\$ 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.

In FY2014, the SCMTD received 80% of all TDA allocated funds after the RTC share; and 100% of all STA funds. The expenditure levels in the fiduciary funds are dependent on revenue fluctuations, the allocations, and the claims for disbursement. Disbursement to TDA claimants in FY2014 may include payment for prior year's allocations. Below is the Fiduciary funds' Statement of Revenues, Expenditures & Change in Net Position:

**STATEMENT OF REVENUES, EXPENDITURES & CHANGE IN NET POSITION
FIDUCIARY FUNDS**

	FY2014 <u>6/30/2014</u>	FY2013 <u>6/30/2013</u>	<u>Change</u>
Additions:			
Sales Tax: TDA	\$ 8,369,290	\$ 7,796,002	\$ 573,288
STA	2,938,468	3,040,708	(102,240)
STP Exchange	2,929,392	3,405,261	(475,869)
Contributions	371,686	400,658	(28,972)
Interest	<u>41,236</u>	<u>30,304</u>	<u>10,932</u>
Total Revenues	14,650,072	14,672,933	(22,861)
Deductions:			
SCMTD	9,018,200	8,551,912	466,288
RTC	2,155,866	1,161,021	994,845
City of Santa Cruz	1,981,643	768,719	1,212,924
County of Santa Cruz	272,053	1,460,000	(1,187,947)
City of Watsonville	160,017	0	160,017
Plan Payment	<u>344,261</u>	<u>432,599</u>	<u>(88,338)</u>
Total Deductions	13,932,040	12,374,251	1,557,789
Change in Net Position	718,032	2,298,682	(1,580,650)
Net Position - Beginning of Fiscal Year	<u>13,442,256</u>	<u>11,143,574</u>	<u>2,298,682</u>
Net Position - End of Fiscal Year	<u>\$14,160,288</u>	<u>\$13,442,256</u>	<u>\$ 718,032</u>

5. CURRENT FINANCIAL ISSUES AND CONCERNS

Management has been able to control the discretionary expenses; however, continuing to secure new revenue sources to meet existing and increasing transportation needs remains a challenge; and this issue became more acute in FY2014 with the reduction in federal Planning (PL) funding. The *2014 Regional Transportation Plan* identifies a funding gap of over \$2.9 billion for transportation needs countywide through the year 2035, even with new local funds such as a ½ cent sales tax and \$10 vehicle registration fee anticipated to be approved by voters in the future.

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, and making it very difficult to fund needed new projects.

Projects currently under development for which existing funding is insufficient to fully fund these projects are the Highway 1 Corridor Investment program, which is currently estimated to cost about

\$600 million, and the Monterey Bay Sanctuary Scenic Trail (MBBST) Network project, estimated to cost \$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 will be challenging to secure voter approval 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 2013/14 and FY14/15 the RTC is working closely with the community to investigate options for placing a 1/2 cent sales tax measure on the November 2016 ballot, which would raise approximately \$450 million over 30 years. The tentative expenditure list includes Neighborhood Projects such as streets and roads, safety, bicycle and pedestrian, and school safety projects; Community Projects such as bus and paratransit projects; and Regional Projects such as Highway 1, Rail Trail and other transportation improvements on the rail corridor. This sales tax measure will require 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 has been 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, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 3,718,022
Receivables	2,159,523
Prepaid expenses	19,840
Capital assets:	
Nondepreciable	16,426,865
Depreciable, net	<u>6,872</u>
Total assets	<u>22,331,122</u>
LIABILITIES	
Accounts payable	1,047,124
Accrued expenses	47,289
Due to other agencies	177,140
Unearned revenue	1,766,262
Noncurrent liabilities	
Due within one year	23,090
Due in more than one year	<u>1,226,127</u>
Total liabilities	<u>4,287,032</u>
NET POSITION	
Net investment in capital assets	16,433,737
Restricted for programs	1,612,902
Unrestricted	<u>(2,549)</u>
Total net position	<u><u>\$ 18,044,090</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, 2014

		Program Revenues			Net (Expense)
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Revenue and Changes in Net Position
Governmental activities:					
Transportation	\$ 7,006,576	\$ -	\$ 6,676,065	\$ 1,716,997	\$ 1,386,486
Total governmental activities	<u>\$ 7,006,576</u>	<u>\$ -</u>	<u>\$ 6,676,065</u>	<u>\$ 1,716,997</u>	<u>1,386,486</u>
General Revenues					
Investment income					67,505
Other					<u>42,074</u>
Total general revenues					<u>109,579</u>
Change in net position					1,496,065
Net position - beginning of fiscal year					<u>16,548,025</u>
Net position - end of fiscal year					<u>\$ 18,044,090</u>

The accompanying notes are an integral part of this statement.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2014

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund
ASSETS			
Cash and investments	\$ 996,394	\$ 453,688	\$ 554,295
Accounts receivable	26,998		
Due from other agencies	453,668	1,445,278	123,586
Due from other funds	222,103	368	
Prepaid items	13,108		3,366
Total assets	<u>\$ 1,712,271</u>	<u>\$ 1,899,334</u>	<u>\$ 681,247</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 22,801	\$ 907,923	\$ 3,400
Accrued payroll	47,289		
Unearned revenue	297,874	618,388	
Due to other agencies	86,506	1,025	89,609
Due to other funds	11,133	77,310	50,297
Total liabilities	<u>465,603</u>	<u>1,604,646</u>	<u>143,306</u>
Fund Balances:			
Nonspendable:			
Prepaid items	13,108		3,366
Restricted:			
Transportation planning		294,688	534,575
Unassigned	<u>1,233,560</u>		
Total fund balances	<u>1,246,668</u>	<u>294,688</u>	<u>537,941</u>
Total liabilities and fund balances	<u>\$ 1,712,271</u>	<u>\$ 1,899,334</u>	<u>\$ 681,247</u>

The accompanying notes are an integral part of this statement.

Freeway Service Patrol Fund	Highway 1 Program Fund	Highway 1 Auxiliary Fund	Totals
\$ 53,712	\$ 808,110	\$ 851,823	\$ 3,718,022
			26,998
		109,993	2,132,525
10,765	15		233,251
3,366			19,840
<u>\$ 67,843</u>	<u>\$ 808,125</u>	<u>\$ 961,816</u>	<u>\$ 6,130,636</u>
\$ 25,831	\$ 6,762	\$ 80,407	\$ 1,047,124
			47,289
		850,000	1,766,262
			177,140
31,398	44,046	19,067	233,251
<u>57,229</u>	<u>50,808</u>	<u>949,474</u>	<u>3,271,066</u>
3,366			19,840
7,248	757,317	12,342	1,606,170
			1,233,560
<u>10,614</u>	<u>757,317</u>	<u>12,342</u>	<u>2,859,570</u>
<u>\$ 67,843</u>	<u>\$ 808,125</u>	<u>\$ 961,816</u>	<u>\$ 6,130,636</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2014

Total Fund Balances - Governmental Funds \$ 2,859,570

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	\$ 16,572,467	
Accumulated depreciation	<u>(138,730)</u>	
Net		16,433,737

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	\$ 295,309	
OPEB liability	679,066	
PERS side fund liability	<u>274,842</u>	
Total		<u>(1,249,217)</u>

Total Net Position - Governmental Activities \$ 18,044,090

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, 2014

	Administration and Planning Fund	Rail/Trail Authority Fund	Service Authority for Freeway Emergencies Fund
Revenues			
Local Transportation Funds	\$ 1,309,799	\$ -	\$ -
Federal Highway Planning	380,632		
Motor vehicle fees			245,640
California Department of Transportation Grant			
RSTP Exchange Funds	64,889		
State Planning, Programming and Monitoring Funds	163,537	1,830,572	
State Rural Planning Assistance	315,341		
Congestion Mitigation and Air Quality (CMAQ)	174,733		
FHWA SPR Partnership Planning	16,867		
Fed 5304 Passenger Rail Study	39,270		
Coastal Conservancy	47,497		
Aid from other governments			69,395
CMIA			
Use of money and property	1,445	58,135	2,112
Other	36,075	1,307	3,292
Total revenues	<u>2,550,085</u>	<u>1,890,014</u>	<u>320,439</u>
Expenditures			
Salaries and benefits	1,384,474	180,759	165,000
Services and supplies	425,303	89,584	173,931
Bike to work	50,000		
Boltage	21,459		
Trail Master Plan Consultant	198,677		
Community Traffic Safety Coalition	100,000		
Towing service			
Capital outlay		1,716,997	
Other expenses	26,486		1,597
Total expenditures	<u>2,206,399</u>	<u>1,987,340</u>	<u>340,528</u>
Excess of revenues over (under) expenditures	<u>343,686</u>	<u>(97,326)</u>	<u>(20,089)</u>

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>
\$ -	\$ -	\$ -	\$ 1,309,799
			380,632
			245,640
200,330			200,330
			64,889
			1,994,109
			315,341
			174,733
			16,867
			39,270
			47,497
			69,395
		3,534,560	3,534,560
271	3,192	2,350	67,505
		1,400	42,074
<u>200,601</u>	<u>3,192</u>	<u>3,538,310</u>	<u>8,502,641</u>
70,000	110,000	150,687	2,060,920
5,832	57,175	3,328,951	4,080,776
			50,000
			21,459
			198,677
			100,000
260,540			260,540
			1,716,997
		52,271	80,354
<u>336,372</u>	<u>167,175</u>	<u>3,531,909</u>	<u>8,569,723</u>
<u>(135,771)</u>	<u>(163,983)</u>	<u>6,401</u>	<u>(67,082)</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, 2014

	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	(110,000)		
Total other financing sources (uses)	(110,000)	110,000	
Excess of revenues and other sources over (under) expenditures and other uses	233,686	12,674	(20,089)
Fund balances - July 1	1,012,982	\$ 282,014	\$ 558,030
Fund balances - June 30	\$ 1,246,668	\$ 294,688	\$ 537,941

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)
(135,771)	(163,983)	6,401	(67,082)
\$ 146,385	\$ 921,300	\$ 5,941	2,926,652
\$ 10,614	\$ 757,317	\$ 12,342	\$ 2,859,570

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, 2014

Net Change in Fund Balances - Governmental Funds \$ (67,082)

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 \$1,716,997 was greater than depreciation expense of \$2,493 in the period.

1,714,504

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 \$2,010.

(2,010)

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 \$19,971 is less than the contributions made of \$22,417 in the period.

2,446

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:

(151,793)

Change in Net Position - Governmental Activities \$ 1,496,065

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, 2014

	Private Purpose Trust Funds		
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund
ASSETS			
Cash and investments	\$ 2,254,763	\$ 1,370	\$ 7,383,198
Accounts receivable	1,379,300		
Due from other agencies		831,242	2,929,568
Prepays			
Total assets	<u>3,634,063</u>	<u>832,612</u>	<u>10,312,766</u>
LIABILITIES			
Accounts payable			32,753
Due to other agencies		652,043	
Total liabilities		<u>652,043</u>	<u>32,753</u>
NET POSITION			
Unrestricted	<u>\$ 3,634,063</u>	<u>\$ 180,569</u>	<u>\$ 10,280,013</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>
\$ 41,974	\$ 9,354	\$ 7,038	\$ 9,697,697
8,932			1,388,232
			3,760,810
		607	607
<u>50,906</u>	<u>9,354</u>	<u>7,645</u>	<u>14,847,346</u>
		2,262	35,015
			<u>652,043</u>
		2,262	687,058
<u>\$ 50,906</u>	<u>\$ 9,354</u>	<u>\$ 5,383</u>	<u>\$ 14,160,288</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust Funds		
	Local Transportation Fund	State Transit Assistance Fund	Surface Transportation Program Exchange Fund
Additions:			
Sales tax	\$ 8,369,290	\$ 2,938,468	\$ -
State highway exchange funds			2,929,392
Contributions from SCCRTC			
Interest	9,503	276	31,423
Total additions	8,378,793	2,938,744	2,960,815
Deductions:			
Claimants:			
Santa Cruz Metropolitan Transit District	6,244,316	2,759,269	14,615
Santa Cruz County Regional Transportation Commission	1,309,799		846,067
City of Santa Cruz	108,133		1,187,000
County of Santa Cruz			272,053
City of Watsonville	160,017		
Other	686,510		
Plan payments			
Total deductions	8,508,775	2,759,269	2,319,735
Change in net position	(129,982)	179,475	641,080
Net position - beginning of fiscal year	3,764,045	1,094	9,638,933
Net position - end of fiscal year	\$ 3,634,063	\$ 180,569	\$ 10,280,013

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>
\$ -	\$ -	\$ -	\$ 11,307,758
344,348		27,338	2,929,392
	34		371,686
			41,236
<u>344,348</u>	<u>34</u>	<u>27,338</u>	<u>14,650,072</u>
			9,018,200
			2,155,866
			1,295,133
			272,053
			160,017
			686,510
<u>316,338</u>		<u>27,923</u>	<u>344,261</u>
<u>316,338</u>		<u>27,923</u>	<u>13,932,040</u>
28,010	34	(585)	718,032
<u>22,896</u>	<u>9,320</u>	<u>5,968</u>	<u>13,442,256</u>
<u>\$ 50,906</u>	<u>\$ 9,354</u>	<u>\$ 5,383</u>	<u>\$ 14,160,288</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. 65

For the fiscal year ended June 30, 2014, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2014.

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the Commission's financial statements for the fiscal year ended June 30, 2014.

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, 2014, the Commission had the following cash and investments on hand:

Cash in bank and on hand	\$ 9,772
Cash and investments with the Santa Cruz County Treasurer's Investment Fund	<u>13,405,947</u>
Total cash and investments	<u>\$ 13,415,719</u>

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

Cash and investments, statement of net position	\$ 3,718,022
Cash and investments, statement of fiduciary net position	<u>9,697,697</u>
Total cash and investments	<u>\$ 13,415,719</u>

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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	\$ 13,405,947	\$ 13,405,947	\$ -	\$ -	\$ -
Total	\$ 13,405,947	\$ 13,405,947	\$ -	\$ -	\$ -

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	\$ 13,405,947	N/A	\$ -	\$ -	\$ -	\$ 13,405,947
Total	\$ 13,405,947		\$ -	\$ -	\$ -	\$ 13,405,947

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, 2014

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, 2014:

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)	\$ 159,131	\$ 1,409,543	\$ -	\$ -	\$ -	\$ 109,993
Federal grants (DOT)	266,046					
Other	28,491	35,735	123,586			
Totals	\$ 453,668	\$ 1,445,278	\$ 123,586	\$ -	\$ -	\$ 109,993

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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)	\$ 831,242	\$ -
Totals	<u>\$ 831,242</u>	<u>\$ -</u>

NOTE 4 - INTERFUND TRANSACTIONS

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

Due From/Due To Other Funds

Interfund receivable and payable balances at June 30, 2014, are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Administration and Planning	\$ 222,103	\$ 11,133
Rail/Trail Authority	368	77,310
Service Authority for Freeway Emergencies		50,297
Freeway Service Patrol	10,765	31,398
Highway 1 Program	15	44,046
Highway 1 Auxiliary		19,067
	<u>\$ 233,251</u>	<u>\$ 233,251</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 2013-2014 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, 2014

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Governmental activities				
Nondepreciable capital assets				
Right of way	\$ 14,200,000	\$ -	\$ -	\$ 14,200,000
Construction in progress	509,868	1,716,997		2,226,865
Total nondepreciable capital assets	<u>\$ 14,709,868</u>	<u>\$ 1,716,997</u>	<u>\$ -</u>	<u>\$ 16,426,865</u>
Depreciable capital assets				
Equipment	\$ 145,602	\$ -	\$ -	\$ 145,602
Total depreciable capital assets	145,602			145,602
Less accumulated depreciation	(136,237)	(2,493)		(138,730)
Net depreciable capital assets	<u>\$ 9,365</u>	<u>\$ (2,493)</u>	<u>\$ -</u>	<u>\$ 6,872</u>
Net capital assets	<u>\$ 14,719,233</u>	<u>\$ 1,714,504</u>	<u>\$ -</u>	<u>\$ 16,433,737</u>

NOTE 6 – LONG-TERM DEBT

Changes in long-term liabilities

Long-term liability activity for the fiscal year ended June 30, 2014, is shown below:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year
Governmental activities					
Compensated Absences	\$ 293,299	\$ 175,725	\$ 173,715	\$ 295,309	\$ -
OPEB Liability	527,273	182,484	30,691	679,066	
PERS Side Fund Liability	277,288	19,971	22,417	274,842	23,090
Governmental activities					
Long-term liabilities	<u>\$ 1,097,860</u>	<u>\$ 378,180</u>	<u>\$ 226,823</u>	<u>\$ 1,249,217</u>	<u>\$ 23,090</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, 2014

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 2013/2014, was 12.390% 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, 2014, 2013, and 2012, were \$228,025, \$214,156, and \$203,652, 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, 2014

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, 2014, 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 6/30/14</u>
Annual Required Contributions	\$ 183,189
Interest on Net OPEB Obligation/(Asset)	23,727
Adjustment to the Annual Required Contributions	(24,432)
Annual OPEB cost (expense)	182,484
Contributions made	30,691
Increase in Net OPEB Obligation/(Asset)	151,793
Net OPEB Obligation/(Asset) - beginning of fiscal year	527,273
Net OPEB Obligation/(Asset) - end of fiscal year	<u>\$ 679,066</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, 2014, June 30, 2013, and June 30, 2012 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>
6/30/12	\$ 157,474	\$ 28,526	18.11%	\$ 391,166
6/30/13	\$ 171,361	\$ 35,254	20.57%	\$ 527,273
6/30/14	\$ 182,484	\$ 30,691	16.82%	\$ 679,066

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2014

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, 2014 was \$274,842.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available for issuance which is December 30, 2014.

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local Transportation Funds	\$ 1,267,299	\$ 1,309,799	\$ 1,309,799	\$ -
Federal Highway Planning	280,000	426,305	380,632	(45,673)
RSTP Exchange	429,865	421,707	64,889	(356,818)
State Planning, Programming and Monitoring Funds	163,537	163,537	163,537	
State Rural Planning Assistance	316,933	315,373	315,341	(32)
Coastal Conservancy	150,000	47,497	47,497	
AB 2766	58,738	38,670		(38,670)
Congestion Mitigation and Air Quality (CMAQ)		169,700	174,733	5,033
FHWA SPR Partnership Planning	133,191	224,000	16,867	(207,133)
Fed 5304 Passenger Rail Study	11,371	101,241	39,270	(61,971)
Use of money and property			1,445	1,445
Other	13,927	29,512	36,075	6,563
Total revenues	2,824,861	3,247,341	2,550,085	(697,256)
Expenditures				
Salaries and benefits	1,484,400	1,484,400	1,384,474	99,926
Services and supplies	1,228,195	1,228,195	425,303	802,892
Bike to work	50,000	50,000	50,000	
Boltage	25,000	25,000	21,459	3,541
Unified Corridor Investment	103,405	103,405		103,405
Trail Master Plan Consultant	203,802	203,802	198,677	5,125
Community Traffic Safety Coalition	100,000	100,000	100,000	
Other expenses	103,405	103,405	26,486	76,919
Total expenditures	3,298,207	3,298,207	2,206,399	1,091,808
Excess of revenues over (under) expenditures	(473,346)	(50,866)	343,686	394,552
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	(583,346)	(160,866)	233,686	394,552
Fund balance - July 1	1,012,982	1,012,982	1,012,982	
Fund balance - June 30	\$ 429,636	\$ 852,116	\$ 1,246,668	\$ 394,552

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
RSTP Exchange Funds	\$ -	\$ 615,000	\$ -	\$ (615,000)
State Planning, Programming and Monitoring Funds	5,240,000	5,189,650	1,830,572	(3,359,078)
Use of money and property	50,000	50,000	58,135	8,135
Other revenues			1,307	1,307
Total revenues	5,290,000	5,854,650	1,890,014	(3,964,636)
Expenditures				
Salaries and benefits		180,000	180,759	(759)
Services and supplies	130,000	261,000	89,584	171,416
Rail Improvements	5,225,000	5,805,664	1,716,997	4,088,667
Total expenditures	5,355,000	6,246,664	1,987,340	4,259,324
Excess of revenues over (under) expenditures	(65,000)	(392,014)	(97,326)	294,688
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	45,000	(282,014)	12,674	294,688
Fund balance - July 1	282,014	282,014	282,014	
Fund balance - June 30	\$ 327,014	\$ -	\$ 294,688	\$ 294,688

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, 2014

	<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	\$ 235,000	\$ 235,000	\$ 245,640	\$ 10,640
Aid from other governments	107,000	79,075	69,395	(9,680)
Use of money and property	4,000	4,000	2,112	(1,888)
Other revenue			3,292	3,292
Total revenues	<u>346,000</u>	<u>318,075</u>	<u>320,439</u>	<u>2,364</u>
Expenditures				
Salaries and benefits	165,000	165,000	165,000	
Services and supplies	293,300	321,997	173,931	148,066
Other expenses			1,597	(1,597)
Total expenditures	<u>458,300</u>	<u>486,997</u>	<u>340,528</u>	<u>146,469</u>
Excess of revenues over (under) expenditures	(112,300)	(168,922)	(20,089)	148,833
Fund balance - July 1	<u>558,030</u>	<u>558,030</u>	<u>558,030</u>	
Fund balance - June 30	<u>\$ 445,730</u>	<u>\$ 389,108</u>	<u>\$ 537,941</u>	<u>\$ 148,833</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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
RSTPX	\$ 135,000	\$ 135,000	\$ -	\$ (135,000)
California Department of Transportation Grant	205,000	205,000	200,330	(4,670)
Use of money and property	1,000	1,000	271	(729)
Total revenues	341,000	341,000	200,601	(140,399)
Expenditures				
Salaries and benefits	70,000	70,000	70,000	
Services and supplies	17,000	17,000	5,832	11,168
Towing service	285,000	285,000	260,540	24,460
Total expenditures	372,000	372,000	336,372	35,628
Excess of revenues over (under) expenditures	(31,000)	(31,000)	(135,771)	(104,771)
Fund balance - July 1	146,385	146,385	146,385	
Fund balance - June 30	<u>\$ 115,385</u>	<u>\$ 115,385</u>	<u>\$ 10,614</u>	<u>\$ (104,771)</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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$	\$	\$	\$
RSTP Exchange Funds	796,248	1,476,301	3,192	3,192 (1,476,301)
Total revenues	796,248	1,476,301	3,192	(1,473,109)
Expenditures				
Salaries and benefits	200,000	110,000	110,000	
Services and supplies	620,000	607,480	57,175	550,305
Total expenditures	820,000	717,480	167,175	550,305
Excess of revenues over (under) expenditures	(23,752)	758,821	(163,983)	(922,804)
Fund balance - July 1	921,300	921,300	921,300	
Fund balance - June 30	\$ 897,548	\$ 1,680,121	\$ 757,317	\$ (922,804)

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 2,350	\$ 2,350
STIP Funds	317,729	150,000		(150,000)
CMIA	1,992,271	4,616,065	3,534,560	(1,081,505)
Other revenue		750	1,400	650
Total revenues	2,310,000	4,766,815	3,538,310	(1,228,505)
Expenditures				
Salaries and benefits	75,000	150,000	150,687	(687)
Services and supplies	2,235,000	4,616,815	3,328,951	1,287,864
Other expenses			52,271	(52,271)
Total expenditures	2,310,000	4,766,815	3,531,909	1,234,906
Excess of revenues over (under) expenditures			6,401	6,401
Fund balance - July 1	5,941	5,941	5,941	
Fund balance - June 30	\$ 5,941	\$ 5,941	\$ 12,342	\$ 6,401

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF FUNDING PROGRESS FOR POST EMPLOYMENT BENEFITS
OTHER THAN PENSIONS
For the Fiscal Year Ended June 30, 2014

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

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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 funds, and the aggregate remaining fund information of the Santa Cruz County Regional Transportation Commission's (the Commission) compliance with the types of compliance requirements described in the *Transportation Development Act Guidebook*, published by the State of California Department of Transportation applicable for the fiscal year ended June 30, 2014.

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, 2014.

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 30, 2014

SANTA CRUZ COUNTY REGIONAL TRANSPORTATION COMMISSION
SCHEDULE OF ALLOCATIONS AND EXPENDITURES
LOCAL TRANSPORTATION FUND
For the Fiscal Year Ended June 30, 2014

Claimant/Purpose/Authority*	Allocated Balance July 1, 2013	Allocation	Expended	Allocated Balance June 30, 2014
Santa Cruz Metropolitan Transit District				
Transit operator assistance PUC § 99260(a)	\$ -	\$ 6,244,316	\$ 6,244,316	\$ -
Totals		6,244,316	6,244,316	
Santa Cruz County Regional Transportation Commission Administration				
PUC § 99233.1		677,288	677,288	
Planning PUC § 99402		632,511	632,511	
Totals		1,309,799	1,309,799	
City of Santa Cruz Volunteer Center				
PUC § 99400 (c)		686,510	686,510	
Pedestrian and bicycle PUC § 99400 (a)	366,944	87,120	108,133	345,931
Totals	366,944	773,630	794,643	345,931
County of Santa Cruz Pedestrian and bicycle				
PUC § 99400 (a)	507,949	182,996		690,945
Totals	507,949	182,996		690,945
City of Scotts Valley Pedestrian and bicycle				
PUC § 99400 (a)	42,195	16,313		58,508
Totals	42,195	16,313		58,508
City of Capitola Pedestrian and bicycle				
PUC § 99400 (a)	127,007	13,951		140,958
Totals	127,007	13,951		140,958
City of Watsonville Pedestrian and bicycle				
PUC § 99400 (a)	286,994	72,091	160,017	199,068
Totals	286,994	72,091	160,017	199,068
Grand totals	\$ 1,331,089	\$ 8,613,096	\$ 8,508,775	\$ 1,435,410

* 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, 2014

Claimant/Purpose/Authority*	Allocated Balance July 1, 2013	Allocation	Expended	Allocated Balance June 30, 2014
Santa Cruz Metropolitan Transit District				
Transit operator assistance CAC § 6730 a	\$ -	\$ 2,759,269	\$ 2,759,269	\$ -
Total	\$ -	\$ 2,759,269	\$ 2,759,269	\$ -

* California Administrative Code

