COUNTY OF SANTA CRUZ
STATE OF CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014

Prepared Under the Direction of

Mary Jo Walker, CPA
AUDITOR-CONTROLLER

Panther Beach

Panther Beach is one of Santa Cruz County's many picturesque sections of coastline. While the beach is well known for secluded pockets of sand ideal for sunbathing, the beach and surrounding cliffs offer a plethora of other recreational options for those willing to brave the steep, washed out path from the parking lot to the beach.

Visitors to Panther Beach enjoy photographing the gnarled sandstone and mudstone rock formations which also serve as a playground to rock climbers. Fishing is also a popular activity.

The isolation of Panther Beach and the lack of amenities do leave the area vulnerable to litter and vandalism. Protecting this wild and rugged portion of coastline is important for its continued enjoyment now and for future generations.

Cover Photo by Archer Koch (MultiRotorCam)

County of Santa Cruz, California

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2014

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THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

COUNTY OF SANTA CRUZ
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2014

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INTRODUCTORY SECTION

THE GREAT SEAL OF THE COUNTY OF
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COUNTY OF SANTA CRUZ

AUDITOR-CONTROLLER'S OFFICE

701 OCEAN STREET, SUITE 100, SANTA CRUZ, CA 95060-4073
(831) 454-2500 FAX: (831) 454-2660

December 16, 2014

The Honorable Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Members of the Board and Fellow Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Santa Cruz for the fiscal year ended June 30, 2014, is hereby submitted, in accordance with the statutes of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County of Santa Cruz (County). To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activity have been included. The independent auditors, Brown Armstrong Accountancy Corporation, who have rendered an unqualified opinion thereon, have audited these statements. Their report is provided herein.

In addition, the Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

The CAFR represents the culmination of all budgeting and accounting activities during the year, covering all funds of the County, its component units, and its financial transactions.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended and U.S. Office of Management and Budget (OMB) Circular A-133 (OMB Circular A-133), *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in the single audit report, which is issued as a separate document. This report includes all funds and account groups of the County.

The County provides the full range of services contemplated by statute or ordinance. These services include public protection, public ways and facilities, health and sanitation, public assistance, recreation and culture, education, and general government. In addition, various utility, maintenance, redevelopment, and capital acquisition entities are included as part of the reporting entity based on financial accountability. School districts and autonomous special districts have not met the established criteria for inclusion in the reporting entity, and are therefore reported under the category of fiduciary fund types.

FINANCIAL INFORMATION

Management of the County is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) The cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In accordance with the County Budget Act in the California Government Code, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the General Fund and Special Revenue Funds. In addition to the controls mentioned above, the County maintains budgetary controls, whose objective is to ensure compliance with legal provisions embodied in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the character level of salaries and benefits, services, and supplies for each budget unit within each budgeted fund. Other charges, land, plant and improvements, and equipment are controlled by line item within each budget unit. The County also maintains an encumbrance accounting system as one technique for accomplishing budgetary control. At year-end, encumbrances lapse, but may be re-appropriated in the following year's budget. The encumbrance system is employed to record amounts committed for purchase orders or contracts. If appropriations are not sufficient, Board of Supervisors-approved appropriation transfers are required before commitments or expenditures are permitted. Encumbrances outstanding at year-end are shown as commitments of fund balance, except for grants. Grant encumbrances are canceled at year-end and re-budgeted with revenues in the new fiscal year.

PROFILE OF THE COUNTY

The County of Santa Cruz was established by an act of the State Legislature in 1850 as one of the original 27 counties of the State of California. The County is a general law county and is governed by a five-member Board of Supervisors who are elected by district to serve alternating four-year terms. The Board of Supervisors appoints a County Administrative Officer (Chief Executive) to carry out its policies as set forth by County Ordinance. The Assessor-Recorder, Auditor-Controller, County Clerk, Treasurer-Tax Collector, District Attorney, and Sheriff-Coroner are elected officials and all other departments' heads are appointed officials.

As required by County ordinance or by State or Federal law, the County's principal functions include seven major areas: general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. In the public assistance and health areas, the State and Federal governments mandate certain minimum levels of service.

Santa Cruz is located on the Central Coast of California, and is bordered by San Mateo County to the north, Santa Clara County to the east, San Benito and Monterey Counties to the south, and the Monterey Bay National Marine Sanctuary to the west. The County of Santa Cruz is the second smallest county in California in terms of land mass and the 23rd of 58 counties in terms of population. The County's population is 271,595. Approximately half live in one of the County's four cities, Capitola, Santa Cruz, Scotts Valley, or Watsonville, with the other half living in the unincorporated County area.

ECONOMIC CONDITIONS AND OUTLOOK

The Santa Cruz area is similar to many parts of the country in that the local economy has continued to recover after the global recession in the real estate and construction industry and the financial market meltdown. The Santa Cruz area enjoyed a fairly healthy economy after recovering from the economic downturn in 2001. Beginning in 2007, the subprime mortgage lending crisis significantly reduced home sales across the nation, including those in Santa Cruz County. While the assessed values of real property in the County had increased by an average of about 8% per year from fiscal years 2001-2002 through 2007-2008, assessed values slowed the following year to 3.3% growth, and then actually declined by 3.0% for fiscal year 2009-2010, which was the first decline since the County began tracking property tax growth in 1968. Assessed values continued to decline but at a much slower pace during

fiscal years 2010-2011 through 2012-2013 by an average of about 0.6% annually. The trend finally reversed in fiscal year 2013-2014 as the economy began to recover, with an increase in assessed values of 3.9% over the prior year. Every indication is that assessed values will remain stable or continue to increase for fiscal year 2015-2016. Property-related tax revenues comprise about 77% of the County's total tax revenues, so changes have a dramatic effect not only on the County, but also on every local agency and special district, as well as the State since over half of local property tax revenues are earmarked for K-12 education, which is a State obligation.

Another indicator of the local economy is retail sales. Sales tax receipts in the unincorporated County comprise about 11% of the County's total tax revenues. Sales tax receipts declined during fiscal years 2008-2009 and 2009-2010 by a total of 20%, but then revitalized by increasing 36% during the next four fiscal years through 2013-2014. Sales tax receipts have continued to increase during fiscal year 2014-2015, which is another signal that the economy is stabilizing. Tourism is also important to the local economy. The Santa Cruz area experienced lower occupancy and weaker tourist spending for a few years, but has bounced back. Transient occupancy tax collections, which comprise about 6% of the County's total tax revenues, ebb and flow with the economy, but have increased about 57% over the past four years since the low in fiscal year 2009-2010. On November 6, 2012, County voters elected to increase the transient occupancy tax effective July 1, 2013, on lodging facilities in the unincorporated area from 9.5% to 11%. This is estimated to generate approximately $600,000 of additional revenues annually to the County General Fund. Unemployment in the County is slowly returning to normal levels. The unemployment rate at June 30, 2014, was 6.8%, which is lower than it was one year ago at 7.9%, and much lower than the record high of 15.5% in February 2010, but still not down to the area's historical average of about 6.5%. The decline in the unemployment rate is another indication that the local economy is slowly normalizing.

The County's General Fund revenues increased by $19.3 million from $359.5 million in fiscal year 2012-2013 to $378.8 million in fiscal year 2013-2014, an increase of about 5.0%. There were increases in license and permits sold and increased interest earnings. Intergovernmental revenue increased by $9.9 million primarily due to Assembly Bill 109, the Public Safety Realignment Act, mentioned later.

The County General Fund increased its expenditures by $14.0 million from $356.7 million in fiscal year 2012-2013 to $370.7 million in fiscal year 2013-2014, or about 4.0%. The increases were primarily in public protection and public assistance. Assembly Bill 109, the Public Safety Realignment Act, shifted responsibility for lower-level inmates to local governments. To maintain cost controls throughout the County, employees agreed to continue the furloughs at approximately 5% until September 2014, along with various other concessions. A number of programs and services were eliminated or reduced, and 354 positions were eliminated over the past seven years, representing about 13% of the workforce.

Despite the difficult economic climate, the County has maintained its General Fund reserves within the minimum level. Total General Fund balance was $40.7 million at June 30, 2014, an increase of $0.1 million from $40.6 million at June 30, 2013. General Fund committed and assigned designations totaled $31.5 million at June 30, 2014, an increase of $3.7 million from $27.8 million at June 30, 2013, not including $6.0 million in encumbrance reserves for future purchase orders or contracts, or $2.2 million assigned to fund next year's budget. The increases in the committed and assigned designations were made to remain in compliance with the County's Fund Balance Reserve Policy.

In June 2011, the County Board of Supervisors adopted a Fund Balance Reserve Policy in compliance with Governmental Accounting Standards Board (GASB) Statement No. 54, and established a minimum balance in the committed and assigned categories for the County General Fund at 7% of the upcoming budget year's estimated revenues. This policy has helped the County maintain a stronger fiscal position to weather negative economic trends while still preserving flexibility. The committed and assigned fund balance designations of the County's General Fund at June 30, 2014, of $31.5 million (excluding encumbrances and the amount assigned to fund the fiscal year 2014-2015 budget) were at 7.4% of fiscal year 2014-2015 budgeted revenues.

The County's fiscal year 2014-2015 adopted budget continues to reflect the impact of the recession and the slow recovery experienced by all private and public sectors. For Santa Cruz County government, the result is that property related revenues, interest earnings, and charges for services in the land use area are projected to remain either flat or increase very slightly, but sales tax revenues and program revenues from Federal and State agencies are projected to increase somewhat. While the County receives only

13% of the property tax dollar, approximately 79% of the County's general purpose revenues are related to real estate, either through property tax revenues or vehicle license fee revenues which change in lock-step with property tax revenues. The recession officially ended in the United States in June 2009, and although the local economy is in recovery, the County continues to employ strict cost control measures to balance its budget, including employee concessions, hiring freezes, and ongoing service reductions.

At the State level, California voters approved Proposition 30 in November 2012 to temporarily increase the Statewide sales tax rate and the income tax rates on wealthier individuals, projected to raise about $6 billion a year. Voters also approved Proposition 39 to close a loophole for out-of-state businesses, projected to raise about $1 billion a year. These tax measures, coupled with the State's economic recovery and past budget cuts, give California a positive economic outlook for fiscal year 2014-2015 and beyond.

The independent California Legislative Analyst's Office (LAO) is projecting a $3.2 billion operating surplus (revenues less expenditures) in fiscal year 2014-2015, resulting in a $5.6 billion reserve at June 30, 2015. For the following fiscal year 2015-2016, the LAO is projecting $5.6 billion operating surplus. The LAO projects the State's revenues will grow faster than expenditures through fiscal year 2017-2018 when the State's projected operating surpluses reach $9.5 billion. The State's temporary personal income tax rate increases under Proposition 30 expire at the end of 2018, resulting in a more gradual ramping down of these revenues over the last two years of our forecast. This helps prevent a "cliff effect" in the LAO's forecast, as projected operating surpluses remain stable at just under $10 billion per year in 2018-2019 and 2019-2020.

Statewide unemployment remains fairly high at about 7.9% at June 30, 2014, which is better than the record high of 12.2% four years ago, and is projected to continue declining over the next few years.

Assembly Bill 109, the Public Safety Realignment Act, is a sweeping reform which transferred responsibility to counties, instead of the California Department of Corrections and Rehabilitation, for supervising specified lower-level inmates and parolees, in exchange for increased funding. This initiative, which became effective on October 1, 2011, has allowed the County to provide a higher level of justice system effectiveness and improved public safety. To date, 269 inmates and parolees have been served by the County's local law enforcement and public safety partners under this new law.

The State legislature also adopted Assembly Bill (AB) X1 26 in June 2011. AB X1 26 required each California redevelopment agency to suspend nearly all activities except to implement existing contracts and prepare for dissolution. As the operations of the former redevelopment agencies wind down, their resources are redistributed to other local agencies such as cities, counties, special districts, and schools. This largest portion of the redistribution goes to the schools which offsets required State education spending, thereby creating savings for the State. Through December 2013, $20.3 million of former redevelopment funds has been redistributed from the five redevelopment agencies within the County and its cities, and into the general funds of the local cities, county, special districts, and schools. Statewide, $4.2 billion of former redevelopment funds have been redistributed.

The California Public Employees Retirement System (CalPERS) pension fund, which Santa Cruz County employees participate in, has made significant and important changes in costs and benefits. In August 2012, the State legislature adopted a number of changes for State and local employees who participate in the CalPERS program. The changes include an increase in the retirement age and a lower benefit formula for new employees, a cap on the annual pension payout, and the requirement for workers to pay half of their costs. CalPERS estimates the State will save approximately $50 billion over 30 years. It is more difficult to estimate the future savings to the County.

CalPERS realized a gain of 18.4% on its investments for the year ended June 30, 2014, following gains of 12.5%, 1.0%, 20.7%, and 11.1% in the four prior years, preceded by a loss of -23.4% the fiscal year ended 2008-2009. CalPERS believes that its long-term 20-year investment return remains at 7.75%. In 2005, CalPERS approved a rate smoothing policy to reduce rate volatility caused in prior years by poor actuarial projections of the cost of plan amendments and investment losses. CalPERS adopted additional rate smoothing policies in June 2010 and April 2013, the most recent of which is designed to amortize investment gains and losses from earlier fiscal years over a fixed 30-year period, rather than the current rolling 30-year amortization period, with the increases and decreases in the rate spread over a

five year period. County employees also participate in the CalPERS health insurance program, whose average premiums increased by 3.7% in 2014, and will increase by 7.92% for 2015.

The upcoming fiscal year will be another challenging one for the County, but the County's management and staff have done an excellent job under difficult fiscal conditions in the past, and will continue to do so. The State's improved financial condition will go a long way in allowing the County to more effectively manage its financial decisions at the local level.

MAJOR INITIATIVES

- The office of the Agricultural Commissioner, working closely with the State, enforces laws and regulations that promote and protect the agricultural industry, and that protect people and the environment. Our County remains under quarantine for Light Brown Apple Moth and Sudden Oak Death. We work to prevent the spread of those pests and to protect the ability of the industry to export commodities.

- The Assessor's Office, along with staff from the Treasurer-Tax Collector and Auditor-Controller, continued to refine the new property tax system. Software issues were addressed with the contractor, testing and staff training continued, and system documentation were prepared.

- The County Recorder's Office expanded the use of e-Recording with the approval of over 120 document submitters. E-Recording saves staff time and allows for quicker receipt of documents. The Recorder's Office also continued its goal of restoring official record books. A total of 44 Deed books were restored and filmed.

- The Auditor-Controller's Office has focused on critical technology improvements over the past few years, leading the project to implement a comprehensive new financial and procurement system in the spring of 2015, and continuing to fine tune the property tax system which was implemented in 2012. The Auditor-Controller's Office and the Treasurer-Tax Collector's Office will be consolidated in January 2015.

- Child Support Services continues to strive for improved customer service and expanded access to our program through additional outreach activities. In fiscal year 2013-2014, the department collected over $19 million in child support payments: $14,386,300 in Santa Cruz and an additional $4,649,024 in San Benito. The Santa Cruz-San Benito region exceeded prior year performance and continues to excel on the key Federal performance measures.

- The primary focus of the County Administrative Office is the administration of policies and procedures established by the Board of Supervisors (Board) and as the Board's representative in intergovernmental relationships. Significant efforts in fiscal year 2014-2015 include work on a water district merger and creation of a Community Facilities District No. 2 (Lompico Water), the Library Facilities Master Plan, space allocation including the Emergency Operations Center (EOC) move to the new Center for Public Safety and south county facility needs, and serving on the executive steering and project committees for implementation of the new financial and procurement system. In addition, the County Administrative Officer continues to play a major role in dealing with the Statewide justice reform and public safety fund allocation pursuant to the Public Safety Realignment Act through service as a Governor-appointed member on the Board of State and Community Corrections (BSCC), as Chair of the BSCC subcommittee on data and research, and as Chair of the AB 109 Realignment Allocation Committee.

- In fiscal year 2013-2014, the County Clerk/Elections Office conducted the June 3, 2014 Statewide Primary Election under California's new Top Two Primary Act. The County Clerk/Elections Office also conducted a special election on November 5, 2013, for the City of Scotts Valley and Loma Pieta Joint Union School District.

  The County Clerk/Elections Office continues to provide services in many areas such as issuing marriage licenses (1,954 issued), performing marriage ceremonies (545 performed), accepting passport applications (4,298 accepted), and issuing fictitious business statements (2,216 issued). The

County Clerk/Elections Office continues to offer Saturday passport hours at least quarterly and provide clerk services to Watsonville one Wednesday a month.

- The Office of the County Counsel continues to provide civil legal representation to every County department and several special districts. This past year, the Office of the County Counsel contributed significantly to the Board's medical marijuana regulation efforts and the issues flowing from the mandatory dissolution of redevelopment agencies. The Office of the County Counsel also won several motions for summary judgment in tort cases that saved the County from further litigating these high value cases.

- The District Attorney's Office continued to face an unprecedented number of homicides and other violent felonies which occurred and went to trial. The investigation and prosecution of many of these cases will continue through the current year, limiting resources available for other types of cases. The District Attorney's Office continued its leadership of the County-wide Gang and Narcotics Task Forces to combat violent gang and drug-related activities. In addition, the District Attorney's Office is an integral member of the Community Corrections Partnership which was established to develop and implement plans for dealing with the financial and operational effects of Assembly Bill 109, the Public Safety Realignment Act, which allows specified lower-level inmates and parolees to serve their sentence in county jails instead of State prisons. The District Attorney's Office also, in collaboration with the City of Santa Cruz, spearheaded the eight-month pilot Downtown Accountability Program, which focuses in-kind resources from the District Attorney's Office, County Health Services Agency, Probation, Sheriff's Office, City Attorney, City Manager, and Santa Cruz Police Department to reduce recidivism among chronic offenders in the downtown area.

- The General Services Department continues its diligence in addressing the operational needs of the County, despite significant cutbacks in staffing and funding. In collaboration with other departments, accomplishments include the 1020 Emeline Lobby remodel, the Watsonville Health Center Expansion Project, the initial phases of the Heart of Soquel Project, and the Farm Community Garden, Stream and Habitat Restoration Project. General Services is furthering the goals of the Climate Action Strategy by participating in the Community Choice Aggregation (CCA) Monterey Bay regional feasibility effort including submission and successful award of two major competitive grants. The Facilities Division continues to scope additional energy efficiency projects for competitive and grant funding opportunities within the next couple of years. The General Services Department's Purchasing Division continues to focus on procurement of environmental and energy-friendly products and services, as well as implementing cooperative purchasing with local governments to increase efficiencies and reduced costs. A major work effort to streamline purchasing processes through the implementation of the County's new financial management system is underway, with the system projected to go live in 2015.

- The Health Services Agency provides numerous services designed to promote and protect the health of the community and the environment. Service areas include: Public Health, Environmental Health, Mental Health, Primary Care Medical Clinics, Emergency Medical Services, and Substance Abuse Treatment. These services are provided directly by the County and through contract providers. The Agency has: 1) effectively implemented the "Bridge to Health Reform" Low Income Health Program and served over 2,000 unique clients, 2) successfully collaborated with the State, local health, and social services partners to transition over 1,000 clients to the Medi-Cal Managed Care health plan (the Central California Alliance for Health), 3) completed a two-year construction project, secured experienced contracted providers, and obtained State licensing and certification to open and operate the new Santa Cruz County Behavioral Health Center, 4) successfully collaborated with the Central California Alliance for Health and other partners to close and transition approximately 8,000 children from the State run Healthy Families program into the Alliance's Medi-Cal Managed Care system, 5) assumed responsibility to oversee and administer a revamped Syringe Services Program (SSP), 6) collaborated with the Homeless Services Center, hospitals, and community health partners to open a 12-bed homeless Recuperative Care Center in the homeless services campus at Coral Street on January 1, 2014, 7) served as a lead agency on the Health Services Agency (HSA)-Homeless Persons Health Project (HPHP), playing a significant role in the effort and reaching the milestone of housing and supporting 180 chronically homeless adults in Santa Cruz County. The campaign is scheduled to reach its target of 180 by July 2014, and 8) completed the design phase for the Watsonville Homeless Health Clinic expansion.

- The Human Services Department is heavily leveraged by Federal and State funding and provides a wide range of safety net services to protect the County's most vulnerable populations and provide assistance to individuals and families struggling financially. Economic woes continue in Santa Cruz County in fiscal year 2013-2014. Approximately 60,000 people within the County struggle with poverty and receive benefits from one or more public assistance programs, including food assistance (CalFresh), medical insurance (Medi-Cal), and cash aid (CalWorks and General Assistance).

  The most comprehensive initiative facing the Human Services Department continues to be the full implementation of the Patient Protection and Affordable Care Act (ACA) on January 1, 2014. This act provides an unprecedented opportunity to ensure that over 28,000 Santa Cruz County previously uninsured or underinsured residents will now have access to health care either through the California Health Benefit Exchange or through Medi-Cal expansion. Through increased State and Federal allocations, additional staffing, and technology resources, as well as comprehensive facilities improvements and service redesign efforts continue to be implemented to ensure that the newly eligible Medi-Cal population is enrolled for both health insurance and CalFresh benefits. The Human Services Department also received an increase in allocation from the California Department of Health Care Services to conduct outreach and enrollment activities to reach the newly expanded Medi-Cal population in Santa Cruz County, with a special focus on the formerly incarcerated population.

  Through all these changes, we will continue to focus on our commitment to protect the vulnerable, lift individuals and families out of poverty, and improve the quality of life for residents of Santa Cruz.

- The Information Services Department's focus remains on modernizing the County's technology infrastructure and service, with an eye to mobile and cloud solutions. The migration of business processes off the mainframe computer is in its final phase; the vendor selection for the General Ledger and Purchasing replacement system was completed during January 2014. Upgrading the network infrastructure while expanding our internet speed and throughout lays the groundwork to allow us to replace our aged telephone system. This modern framework is required for us to meet the pressing business needs of our user departments.

- The Parks, Open Spaces, and Cultural Services Division of the Public Works Department continued to work in collaboration with other agencies, departments, and non-profit organizations to operate County Park and Recreation facilities and arts within the community. The Parks, Open Spaces, and Cultural Services Division offers quality recreation and nature programs at Simpkins Family Swim Center, at Quail Hallow Ranch Park, and at youth after-school programs and camps. In addition, the Division manages major capital improvement projects. On June 3, 2014, voters approved Measure F, a parcel tax to provide funding for Santa Cruz County Parks. Public art was installed at Chanticleer Avenue Park and Phase Five of the Traffic Box Art Program was completed. Final design was completed for two park projects – the Heart of Soquel and the Farm Park Habitat Improvement and Community Garden Project. Construction of the Behavioral Health Center for the Health Services Agency was completed, as well as the Patrol and Investigations building, the second of three buildings that complete the Sheriff's Office Center for Public Safety Project.

- Over the past several fiscal years, the Personnel and Risk Management Division has worked closely with other departments and employee unions to retain as many employees as possible while budgets have been reduced and to restructure pension and health benefit programs in order to reduce costs and improve the sustainability of these programs. More recently, the department has focused its efforts towards: 1) meeting the requirements of the Affordable Care Act through specialized recruitments for both the Health and Human Services Agencies, 2) achieving long-term collective bargaining agreements with our labor unions that recognize the sacrifices of the past few years while at the same time increasing the County's ability to quickly adjust to future economic emergencies, and 3) re-inventing and modernizing our internal employee training programs and recruitment efforts to focus upon career development, transitional leadership, and succession planning.

- The Planning Department completed Public Review Drafts of both the Sustainable Santa Cruz County Plan, as well as an Economic Vitality Strategy. A study of county affordable housing regulations was completed, including an impact fee analysis, and the Board of Supervisors provided direction for updates to the County's ordinances and programs. Code amendments completed this

year included modernization of regulations pertaining to hotel developments, establishing a sign exception procedure, and extending minor exceptions provisions countywide. Work continued on drafting more comprehensive modernization of zoning district land use regulations and permit processing procedures, with the Board of Supervisors providing additional direction in June 2014. The St. Stephens and Atkinson rental affordable housing projects were approved by the Planning Commission. Economic Development staff facilitated creation of an Etsy Craft Entrepreneurship Training Program, in collaboration with Etsy and the Central Coast Small Business Development Center, and continues to provide assistance to businesses and commercial projects.

- The Probation Department operates pursuant to Section 1203.5 of the California Penal Code and Section 270 of the Welfare and Institutions Code and is an arm of the Court. The Probation Department is responsible for services required by the Audit and Juvenile Courts. The Probation Department includes the following Divisions: Juvenile and Adult Probation and Juvenile Hall. The Probation Department is committed to research-based probation strategies to ensure public safety through recidivism reduction, reduce victimization, and maximize successful completion of the supervision terms. The Probation Department also staffs and administers the Pretrial Services Program, Juvenile Alternatives to Detention Program, and the Wraparound Alternative to Out-of-Home Placement Program.

- The Public Works Department is responsible for the administration, engineering, maintenance, and construction of the County's roads, bridges, bikeways, sanitation, drainage, and flood control facilities, as well as oversight and engineering for solid waste disposal services and recycling programs. The Department administers the real property, surveyor, and development review programs, as well as manages various Board-governed special districts and County road and sanitation service areas and the Live Oak Parking Program.

- The Sheriff's Office applied for and received $24,635,000 in Senate Bill (SB) 1022 funding from the State of California for renovation of the existing minimum security building at the Rountree Facility to afford adequate space for providing housing, treatment, and rehabilitation programs and services for inmates.

  The Sheriff's Office continues to focus on rebuilding service capacity. Four Deputy Sheriff positions that were previously unfunded in Patrol have been funded as part of the fiscal year 2014-2015 budget. In addition, three new Criminalist positions have been added to the Investigation Division, thereby allowing the two Deputies and one Sergeant currently performing those duties to return to Patrol work once those positions have been filled. We also have hired a Forensic Pathologist position.

  The Sheriff's Office has completed the second phase of moving its operations to the centrally located Headquarters in Live Oak.

- The Treasurer-Tax Collector's Administration division continues its work to expand a delinquent court fine collection program as prescribed by the State of California. This comprehensive collection program provides appropriate follow-up activities for debt collection as well as additional revenues for the County and other local agencies. The Tax division has continued its work in the implementing the County's new property tax system and has also implemented a Low Income Senior and Disabled Property Tax Postponement Pilot Program. The Central Collections division is beginning its implementation of the Franchise Tax Board Court Order Debt collections program for appropriate client departments. The Treasurer-Tax Collector's and the Office Auditor-Controller's Office will be consolidated in January 2015.

OTHER INFORMATION

State statutes require an annual audit by independent Certified Public Accountants. The firm of Brown Armstrong Accountancy Corporation was selected to audit the financial statements of the County's various funds and account groups, and has issued an unqualified opinion thereon. In addition to meeting the requirements of State law, the audit was also designed to comply with the Federal Single Audit Act of 1984, and related OMB Circular A-133. The auditor's report on the financial statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate Single Audit Report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its CAFR for the fiscal year ended June 30, 2013. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports.

To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

AUDITOR-CONTROLLER ACKNOWLEDGMENTS

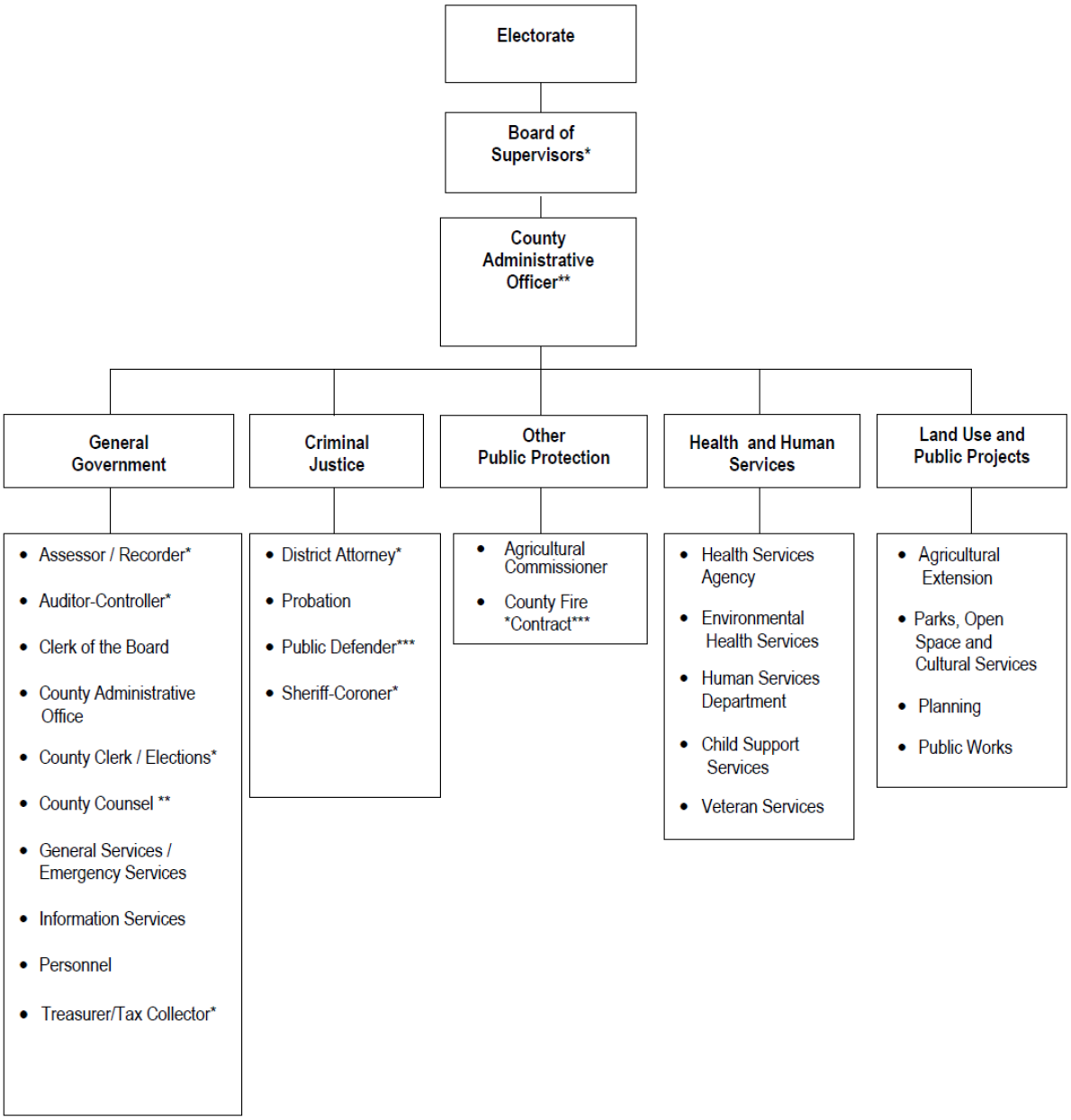
I wish to express my appreciation to my Accounting Division and Audit Division, the County departments that participated in the audit process, and Brown Armstrong Accountancy Corporation for their contributions, assistance, and guidance in the preparation of this report.

Respectfully submitted,

Mary Jo Walker

Mary Jo Walker
Auditor-Controller

COUNTY OF SANTA CRUZ



*Elected Official
**Appointed by the Board of Supervisors
***Contract

Directory of Public Officials

Elective Officers

		Term Ends
Supervisor, 1st District	John Leopold	January 2017
Supervisor, 2nd District	Zach Friend	January 2017
Supervisor, 3rd District	Neal Coonerty	January 2015
Supervisor, 4th District	Greg Caput	January 2015
Supervisor, 5th District	Bruce McPherson	January 2017
State Senator, 17th District	Bill Monning	December 2016
State Assemblyman, 29th District	Mark Stone	December 2014
State Assemblyman, 30th District	Luis A. Alejo	December 2014
U.S. Congressman, 17th District	Sam Farr	January 2015
U.S. Senator	Dianne Feinstein	January 2019
U.S. Senator	Barbara Boxer	January 2017
U.S. Congresswoman	Anna G. Eshoo	January 2015
Assessor-Recorder	Sean Saldavia	January 2015
Auditor-Controller	Mary Jo Walker	January 2015
Treasurer-Tax Collector	Fred Keeley	January 2015
County Clerk-Elections	Gail Pellerin	January 2015
District Attorney-Public Administrator	Bob Lee	January 2015
Sheriff-Coroner	Phil Wowak	January 2015

Appointed Officers

Administrative Officer	Susan A. Mauriello
Agricultural Commissioner	MaryLou Nicoletti
County Counsel	Dana McRae
Director of Agricultural Extension	Mark Bolda
Director of Child Support Services	Kathy Sokolik
Director of General Services	Nancy Gordon
Director of Information Services	Kevin Bowling
Director of Human Services Department	Cecilia Espinola
Director of Planning	Kathy Previsich
Director of Public Works/Road Commissioner	John J. Presleigh
Director of Parks, Recreation, and Cultural Services	John J. Presleigh
Health Officer	Dr. Lisa Hernandez
Health Services Administrator	Giang Nguyen
Personnel Director	Michael McDougall
Probation Officer	Fernando Giraldo
Veteran's Services Officer	Allan Moltzen

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Santa Cruz County

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

FINANCIAL SECTION

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

MAIN OFFICE
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

221 E. WALNUT STREET
SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
of the County of Santa Cruz
Santa Cruz, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Santa Cruz, California (County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County'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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditors' 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 County'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 County'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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 7-18, the respective budgetary comparison for the General Fund and the Housing Fund on pages 102-112, and the County's Retirement Plans and Other Postemployment Benefit (OPEB) schedules of funding progress on pages 113-114 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, 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 County's basic financial statements. The introductory section, combining and individual non-major fund financial statements and schedules and respective budgetary comparison schedules, budget comparison for the capital projects fund, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements and schedules and respective budgetary comparison schedules, budget comparison for the Capital Projects Fund, and other supplementary information are the responsibility of management and were derived from and relate 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 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 combining and individual non-major fund financial statements and schedules and respective budgetary comparison schedules, budget comparison for the Capital Projects Fund, and other supplementary information are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and schedules and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2014, on our consideration of the County'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 the 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 County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 16, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

This section of the County of Santa Cruz (the "County") Comprehensive Annual Financial Report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the County exceeded liabilities plus deferred inflows of resources at the close of the 2013-2014 fiscal year by $495,252,189 (*net position*). Of this amount, a negative amount of $57,600,171 is unrestricted, $69,930,848 is restricted for specific purpose (*restricted net position*), and $482,921,512 is the net investment in capital assets.

- The government's total net position increased by $12,013,160. This increase was primarily due to an increase in capital assets of $18.8 million offset by an increase in the Other Postemployment Benefits (OPEB) liability of $7.3 million.

- As of June 30, 2014, the County's governmental funds reported combined ending fund balances of $170,395,823, an increase of $6,736,772 in comparison with the prior year. Revenues increased by approximately $27 million, 31% in aid from other governments, 28% in other, and 19% in taxes. Expenditures increased by $13.8 million, 83% in public assistance, 34% in public protection, offset by a 26% reduction in public ways and capital outlay.

- At the end of the fiscal year, the General Fund reported an ending fund balance of $40,714,882, of which $872,268 was nonspendable, $2,000 was restricted, $21,627,133 was committed, and $18,213,481 was assigned as shown on page 31.

- The County's total long-term liabilities are $229,180,602, an increase of $14.5 million in comparison with the prior year. The increase resulted primarily from $12.3 million in lease revenue bond issuance including related premium and a $7.3 million increase in OPEB liability.

  The increase was offset by $4.3 million in regularly scheduled debt service and $511 thousand decrease in postclosure liability.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: (1) **Government-wide** financial statements, (2) **Fund** financial statements, and (3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The ***statement of net position*** presents information on all County assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference in assets plus deferred outflows of resources and liabilities plus deferred inflows of resources reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the County is improving or deteriorating.

The ***statement of activities*** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation and sick leave.

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The business-type activities of the County include the County Disposal Sites CSA 9C, and the following Board of Supervisor Governed Districts: Boulder Creek CSA 7, Rolling Woods CSA 10, Septic Tank Maintenance CSA 12, Freedom County Sanitation District, Davenport Sanitation District, Place de Mer CSA 2, Sand Dollar Beach CSA 5, Trestle Beach CSA 20, Summit West CSA 54, and Graham Hill CSA 57 operations.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. The Santa Cruz County Sanitation District is reported as a discretely presented component unit of the County. The District is managed by the County Department of Public Works and provides sanitation services to a portion of the unincorporated areas of the County. For more detail, please refer to the Sanitation District's separately issued financial statements.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related funds which are used to account for resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are reported in the governmental funds. The governmental funds financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities.

The County maintains several individual governmental funds organized according to their type (general, special revenue, and capital projects). Information is presented separately in the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Fund, and the Capital Projects Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 31-34 of this report.

Proprietary funds are used to account for services for which the County charges customers—either outside customers or internal units or departments of the County. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The County maintains the following two types of proprietary funds:

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The County enterprise funds used to account for the operations of the County include the County Disposal Sites CSA 9C, and the following Board of Supervisor Governed Districts: Boulder Creek CSA 7, Rolling Woods CSA 10, Septic Tank Maintenance CSA 12, Freedom County Sanitation District, Davenport Sanitation District, Place de Mer CSA 2, Sand Dollar Beach CSA 5, Trestle Beach CSA 20, Summit West CSA 54, and Graham Hill CSA 57 operations.

- **Internal Service funds** are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its central duplicating, information services, public works, service center, and insurance (risk management, dental and health, liability and property, workers' compensation, employee benefit staffing, and state unemployment insurance) functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The proprietary funds financial statements can be found on pages 37-41 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The fiduciary funds the County maintains are agency, investment trust funds and private purpose trust funds. Since these funds are custodial in nature, they do not involve the measurement of results of operations.

The fiduciary funds financial statements can be found on pages 45-47 of this report

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 53-98 of this report.

Required Supplementary Information (other than MD&A)

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's General Fund budgetary comparison schedule and progress in funding its obligation to provide pension benefits to its employees and other postemployment obligations to retirees.

The County adopts an annual budget, which is a compilation of operating budgets from individual functional units within the General Fund, Special Revenue Funds, Capital Projects Fund, and Proprietary Funds. Budgets are adopted for all funds except for Fiduciary Funds and certain special revenue funds, namely the Financing Authorities and the Geological Hazard Abatement Districts. A budgetary comparison schedule has been provided for the General Fund and Housing Fund to demonstrate compliance with these budgets. These can be found on pages 102-112 of this report.

Combining Statements and Schedules

The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds, enterprise and internal service funds, and fiduciary funds are presented immediately following the required supplementary information.

	Governmental Activities		Business-Type Activites		Total		
	2014	2013	2014	2013	2014	2013	Dollar Change
Assets:							
Current and other assets	$ 316,309,668	$ 307,567,139	$ 15,497,108	$ 14,500,111	$ 331,806,776	$ 322,067,250	$ 9,739,526
Capital assets	516,204,387	496,342,314	24,304,799	25,324,157	540,509,186	521,666,471	18,842,715
Total assets	832,514,055	803,909,453	39,801,907	39,824,268	872,315,962	843,733,721	28,582,241
Deferred outflow of resources	-	1,203,993	-	-	-	1,203,993	(1,203,993)
Liabilities:							
Current and other liabilities	146,884,709	146,515,568	998,462	520,142	147,883,171	147,035,710	847,461
Long-term liabilities	223,131,467	208,060,326	6,049,135	6,602,649	229,180,602	214,662,975	14,517,627
Total liabilities	370,016,176	354,575,894	7,047,597	7,122,791	377,063,773	361,698,685	15,365,088
Deferred inflow of resources	-	-	-	-	-	-	-
Net position:							
Net investment in capital assets	458,888,081	448,657,370	24,033,431	25,023,303	482,921,512	473,680,673	9,240,839
Restricted	69,454,954	67,013,454	475,894	44,346	69,930,848	67,057,800	2,873,048
Unrestricted	(65,845,156)	(65,133,272)	8,244,985	7,633,828	(57,600,171)	(57,499,444)	(100,727)
Total net position	$ 462,497,879	$ 450,537,552	$ 32,754,310	$ 32,701,477	$ 495,252,189	$ 483,239,029	$ 12,013,160

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets plus deferred outflows of resources exceed liabilities plus deferred inflows of resources by $495,252,189 at the close of the 2013-2014 fiscal year.

The portion of the County's net investment in capital assets, $482,921,512 (97.5%), reflects its investment in capital assets (e.g., land, building and structures, and equipment) less accumulated depreciation in the amount of $540,509,186, less the related debt of $57,587,674 used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, $69,930,848 (14%), represents resources that are subject to external restrictions on how they may be used. Of the total, 39% is restricted for capital asset acquisition, 44% is dedicated to public roads and facilities, 8% is restricted for public safety, and the rest is restricted for debt service, health, and various County imposed purposes.

The County's unrestricted net position of -$57,600,171 decreased by $100,727 from the prior year. This amount consists of all net position that does not meet the definition of restricted net position or net investment in capital assets.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total			
	2014	2013	2014	2013	2014	2013	Dollar Change	%
Revenues								
Program revenues:								
Changes for services	$ 74,692,251	$ 70,919,816	$ 13,349,612	$ 13,136,923	$ 88,041,863	$ 84,056,739	$ 3,985,124	4.7%
Operating grants and contributions	227,862,891	219,341,110	381,641	207,824	228,244,532	219,548,934	8,695,598	4.0%
Capital grants and contributions	10,540,918	10,677,759	195	60,071	10,541,113	10,737,830	(196,717)	-1.8%
General Revenues:								
Property taxes	88,177,794	84,795,154	24,530	25,410	88,202,324	84,820,564	3,381,760	4.0%
Other taxes	19,046,185	17,201,238	-	-	19,046,185	17,201,238	1,844,947	10.7%
Investment earnings	3,651,756	1,253,704	94,992	(24,240)	3,746,748	1,229,464	2,517,284	204.7%
Miscellaneous	13,304,249	4,971,878	531,131	608,671	13,835,380	5,580,549	8,254,831	147.9%
Gain(Loss) on sale of assets	(3,562)	25,472	294	-	(3,268)	25,472	(28,740)	-112.8%
Total revenues	437,272,482	409,186,131	14,382,395	14,014,659	451,654,877	423,200,790	28,454,087	6.7%
Expenses								
General government	35,732,399	22,735,367	-	-	35,732,399	22,735,367	12,997,032	57.2%
Public protection	136,188,606	127,639,841	-	-	136,188,606	127,639,841	8,548,765	6.7%
Public ways and facilities	21,218,788	47,166,719	-	-	21,218,788	47,166,719	(25,947,931)	-55.0%
Health and sanitation	109,447,331	111,369,828	-	-	109,447,331	111,369,828	(1,922,497)	-1.7%
Public assistance	113,591,646	104,960,517	-	-	113,591,646	104,960,517	8,631,129	8.2%
Education	5,132,749	5,004,928	-	-	5,132,749	5,004,928	127,821	2.6%
Recreation and cultural services	7,656,626	5,867,061	-	-	7,656,626	5,867,061	1,789,565	30.5%
Interest on long-term debt	4,344,010	3,321,366	-	-	4,344,010	3,321,366	1,022,644	30.8%
County Disposal Sites CSA	-	-	11,362,925	10,903,896	11,362,925	10,903,896	459,029	4.2%
Boulder Creek CSA	-	-	307,296	343,857	307,296	343,857	(36,561)	-10.6%
Rolling Woods CSA	-	-	13,923	14,435	13,923	14,435	(512)	-3.5%
Septic Tank Maintenance CSA	-	-	1,113,976	1,016,649	1,113,976	1,016,649	97,327	9.6%
Freedom County Sanitation District	-	-	603,332	441,425	603,332	441,425	161,907	36.7%
Davenport Sanitation District	-	-	553,124	458,073	553,124	458,073	95,051	20.8%
Place De Mer CSA	-	-	22,850	21,395	22,850	21,395	1,455	6.8%
Sand Dollar Beach CSA	-	-	241,140	259,799	241,140	259,799	(18,659)	-7.2%
Trestle Beach CSA	-	-	58,232	35,634	58,232	35,634	22,598	63.4%
Summit West CSA	-	-	141	131	141	131	10	7.6%
Graham Hill CSA	-	-	52,623	35,397	52,623	35,397	17,226	48.7%
Total expenses	433,312,155	428,065,627	14,329,562	13,530,691	447,641,717	441,596,318	6,045,399	1.4%
Revenues over/(under) expenditures	3,960,327	(18,879,496)	52,833	483,968	4,013,160	(18,395,528)	22,408,688	-121.8%
Extraordinary gain (loss)	-	(16,376,150)	-	-	-	(16,376,150)	16,376,150	-100.0%
Change in net position	3,960,327	(35,255,646)	52,833	483,968	4,013,160	(34,771,678)	38,784,838	-111.5%
Net position, beginning of year	450,537,552	485,793,198	32,701,477	32,217,509	483,239,029	518,010,707	(34,771,678)	-6.7%
Prior period adjustment	8,000,000	-	-	-	8,000,000	-	8,000,000	-100.0%
Net position, end of year	$ 462,497,879	$ 450,537,552	$ 32,754,310	$ 32,701,477	$ 495,252,189	$ 483,239,029	$ 12,013,160	2.5%

Analysis of Change in Net Position

During the current fiscal year, the County's net position increased by $12,013,160. These increases are explained in the governmental and business-type activity discussion below.

- ***Governmental activities*** increased the County's net position by $11,960,327, accounting for 99.6% of the total increase in net position of the County. $8 million was due to a prior period adjustment. The remaining $3.96 million increase resulted from revenues of $437.27 million in excess of $433.31 million expenditures. Total revenues increased by $28.1 million (7%). Investment earnings more than doubled from the prior year due to an increase in the fair value of investments. Operating grants improved by $8.5 million over the prior year due primarily to additional revenues from State realignment programs for health and human services. Charges for services increased by 5%, primarily due to outpatient clinic fees. Property and other taxes increased by 4% and 11%, respectively.

  Expenses overall increased by $5.2 million (1.2%). Public Ways and Facilities expenses decreased by $25.9 million (-55%) over the prior year due to a reclassification of expenditures to Capital Outlay instead of Public Ways in 2013-14 in the amount of $18.9 million plus a difference of $8 million in 2012-13 capitalized for an asset impairment (refer to Note 22). This reclassification to Capital Outlay also resulted in a $8.5 million increase in Public Protection expenses and a $2 million increase in Recreation and Cultural Services expenses in 2013-14 compared to 2012-13. General Government expenses increased by $13 million from the prior year primarily due to a change in the allocation of compensated absences, resulting in reductions to expenses in Public Protection, Public Assistance, and Health and Sanitation.

Besides the reclassifications listed above, expenses for Public Assistance increased by $8.6 million, largely due to the implementation of the Patient Protection and Affordable Care Act (ACA). Public Protection expenses increased by $4 million for salaries and professional services related to Assembly Bill (AB) 109 realignment which shifted responsibility for certain adult offender populations to counties. These increases were offset by the $8 million prior period reduction to capital expenditures in Public Ways and Facilities.

- ***Business-type activities*** increased by $52,833 over the prior year. Expenses increased by $798,871, while revenues increased $367,736. The increase in revenue was primarily due to increases in charges for services (58%) and investment earnings (32%). 97% of the increase in expenses were due to an increase in Internal Service Fund allocations in the current fiscal year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with financial related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the County include the General Fund, special revenue funds, and capital projects funds.

At June 30, 2014, the County's governmental funds reported combined ending fund balances of $170,395,823, an increase of $6,736,772 in comparison with the prior year. The components of total fund balance are as follows (see Note 20 – Fund Balances).

- Nonspendable fund balance, $61,098,255, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of (1) inventory, prepaids, and imprest cash of $504,650; (2) advances and loans of $58,594,469; and (3) assets held for resale of $1,999,136.

- Restricted fund balance, $69,456,954, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations, or enabling legislation. Examples of restrictions on funds are those for (1) purpose of fund (i.e., flood control, library) of $38,905,757, (2) debt service of $3,442,535, and (3) amounts restricted for capital asset acquisition of $27,108,662.

- Committed fund balance, $21,627,133, are amounts for specific purposes determined by the Board of Supervisors, such as working capital of $6,000,000, natural disasters of $1,251,089, economic uncertainty of $8,290,001, and general government, public protection, health and sanitation, public assistance, and recreation and cultural services of $6,086,043 in total.

- Assigned fund balance of $18,213,481 represents amounts that are intended for specific purposes and are established by the Board of Supervisors or an official or body delegated by the governing body. Examples of assigned fund balances are (1) federally qualified health programs of $14,229,750, (2) structural deficit of $309,982, (3) projected budgetary deficit of $2,221,471, (4) liabilities of $1,052,278, and (5) human services of $400,000.

- Unassigned fund balance is currently $0.

Revenues for governmental functions totaled $436,726,933 in fiscal year 2013-2014, which represents an increase of $27,207,999, or 6.65% from fiscal year 2012-2013. Expenditures for governmental functions totaling $441,876,423 increased by $13,832,009, or 3.24%, from fiscal year 2012–2013. In the fiscal year 2013-2014, expenditures for governmental functions exceeded revenues by $5,149,490. Other financing sources, including interfund transfers, exceeded other financing uses by $11,886,262.

The General Fund is the primary operating fund of the County. At June 30, 2014, the General Fund's total fund balance was $40,714,882, of which $872,268 was nonspendable and $39,842,614 was spendable. The spendable fund balance consists of $2,000 in restricted fund balance, $21,627,133 in committed fund balance, $18,213,481 in assigned fund balance, and $0 in unassigned fund balance. As a measure of the General Fund's liquidity, it may be useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance is 11% of total General Fund expenditures while spendable fund balance is 10.75% of total General Fund expenditures.

The Housing Fund is a major fund of the County. At June 30, 2014, the nonspendable fund balance amount was $60,225,987, a 7.4% increase over the prior year, due to an increase in loans receivable and land held for resale. The spendable (restricted) fund balance amount was $18,710,636, an increase of $15,965,561 from the prior year. This increase is mainly attributed to a transfer from the Capital Projects Fund.

The Capital Projects Fund is also a major fund of the County. The total fund balance of $14,514,775 was spendable (restricted) at June 30, 2014, a decrease of $25,538,238 from the prior year. The decrease was largely due to a transfer of $19,908,591 to the Housing Fund for former Redevelopment Agency housing projects. The remaining reduction was due to significant expenditures for the Behavioral Health facility, major remodel expenses for a new Public Safety facility, Veteran's Building reconstruction, and infrastructure project costs.

The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year for all governmental funds:

Revenues Classified by Source
Governmental Funds

	2014	% of Total	2013	% of Total	Change
Taxes and assessments	$ 107,223,979	24.55%	$ 101,996,392	24.91%	$ 5,227,587
Licenses and permits	9,846,713	2.25%	9,819,321	2.40%	27,392
Fines and forfeitures	4,758,233	1.09%	4,474,318	1.09%	283,915
Use of money and property	3,480,144	0.80%	1,263,829	0.31%	2,216,315
Intergovernmental	238,403,809	54.59%	230,018,869	56.16%	8,384,940
Charge for services	60,087,305	13.76%	56,626,177	13.83%	3,461,128
Other revenues	12,926,750	2.96%	5,320,028	1.30%	7,606,722
Total	$ 436,726,933	100%	$ 409,518,934	100%	$ 27,207,999

Revenues increased by $27.2 million over the prior year. 31% of the increase in intergovernmental revenues was primarily in the Human Services Department for public assistance. 28% of the increase in other revenues was primarily due to contributions to the Capital Projects Fund from the Redevelopment Agency Successor Agency. 19% of the increase was in property values and property tax revenues. 13% of the increase was in charges for services, primarily in the Health Services Agency clinic fees.

The following table presents expenditures by function compared to prior year amounts for all governmental funds:

Expenditures Classified by Function
Governmental Funds

	2014	% of Total	2013	% of Total	Change
General government	$ 29,205,502	6.61%	$ 28,311,047	6.61%	$ 894,455
Public protection	134,304,762	30.40%	129,561,769	30.27%	4,742,993
Public ways and facilities	18,730,124	4.24%	41,231,941	9.63%	(22,501,817)
Health and sanitation	108,967,164	24.66%	108,688,411	25.39%	278,753
Public assistance	112,980,451	25.57%	101,437,540	23.70%	11,542,911
Education	4,914,616	1.11%	4,780,590	1.12%	134,026
Recreation and cultural serivices	6,950,859	1.57%	6,900,013	1.61%	50,846
Capital outlay	18,875,140	4.27%	-	0.00%	18,875,140
Debt service - bond redemption	3,796,789	0.86%	3,815,000	0.89%	(18,211)
Debt service - intrest and fiscal charges	3,151,016	0.71%	3,318,103	0.78%	(167,087)
Total	$ 441,876,423	100%	$ 428,044,414	100%	$ 13,832,009

Overall expenditures increased by $13.8 million. Public protection expenditures increased by $4.7 million, primarily in professional services and salaries, related to the AB109 State shift of inmate care. Public ways and facilities expenditures decreased by $22.5 million mainly due to $18.9 million of expenditures reported as capital outlay in the current year. Public assistance expenditures increased by $11.5 million related to the Affordable Healthcare Act and resulting increase in Medi-Cal clients.

Other financing sources and uses are presented below, including changes from the prior year. There were two issues of long-term debt for the fiscal year 2013-2014; 2014 lease revenue bonds in the amount of $11.8 million, and 2014 refunding certificates of participation for the 2001B lease revenue bonds in the amount of $6.3 million. The increase in transfers in and out over the prior year is related to the transfer of former Redevelopment Agency housing projects from the Capital Projects Fund to the Housing Fund. Refer to Note 5 for additional information regarding transfers in and out.

Other Financing Sources/(Uses)
Governmental Funds

	2014	% of Total	2013	% of Total	Change
Proceeds of long-term debt	$ 11,810,000	99.36%	$ -	0.00%	$ 11,810,000
Bond premium/discount	812,221	6.83%	-	0.00%	812,221
Inception of capital lease	424,824	3.57%	35,766	-7.30%	389,058
Original issue costs	6,285,000	52.88%	-	0.00%	6,285,000
Payment to refunding escrow agent	(6,362,140)	-53.53%	-	0.00%	(6,362,140)
Transfers in	35,419,255	297.99%	17,620,574	-3596.77%	17,798,681
Transfers out	(36,502,898)	-307.10%	(18,378,865)	3751.55%	(18,124,033)
Capital contributions	-	0.00%	232,624	-47.48%	(232,624)
Total	$ 11,886,262	100%	$ (489,901)	100%	$ 12,376,163

The current year excess of revenues and other financing sources over expenditures and other financing uses is presented below:

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

	Major Funds			Non-Major Funds	
	General Fund	Housing Fund	Capital Projects Fund	Special Revenue Funds	Total
Revenues	$ 378,817,027	$ 1,911,142	$ 9,916,738	$ 46,082,026	$ 436,726,933
Expenditures	(370,754,902)	(3,393,996)	(18,875,140)	(48,852,385)	(441,876,423)
Net other financing sources/(uses)	(7,916,165)	21,597,727	(16,579,836)	14,784,536	11,886,262
Net change in fund balances	145,960	20,114,873	(25,538,238)	12,014,177	6,736,772
Fund balances, beginning (restated)	40,568,922	58,821,750	40,053,013	24,215,366	163,659,051
Fund balances, ending	$ 40,714,882	$ 78,936,623	$ 14,514,775	$ 36,229,543	$ 170,395,823

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The County Disposal Sites CSA 9C had total net position of $17,062,070 at June 30, 2014, of which $3,250,591 was unrestricted.

The following table shows the enterprise funds' actual revenues, expenses, and results of operations for the current fiscal year:

	Major Funds			
	County Disposal Sites CSA 9C	Non-Major Funds	Total	Internal Service Fund
Operating revenues	$ 10,754,932	$ 3,125,811	$ 13,880,743	$ 61,919,439
Operating expenses	(11,029,475)	(2,922,589)	(13,952,064)	(60,647,215)
Net operating income	(274,543)	203,222	(71,321)	1,272,224
Net nonoperating revenues/(expenditures)	419,610	82,042	501,652	1,236,714
Change in net position	145,067	285,264	430,331	2,508,938
Beginning of year	16,917,003	15,090,421	32,007,424	(15,899,514)
End of year	$ 17,062,070	$ 15,375,685	$ 32,437,755	$ (13,390,576)

Total enterprise fund net position increased by $430,331. Operating revenues of $13,880,743 increased by $135,149 over the prior fiscal year. Operating expenses of $13,952,064 increased by $23,123 over the prior year.

The Internal Service fund net position increased by $2,508,938 over the prior fiscal year. This was due to decreases in insurance and compensation claims expenses compared to the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

After the adoption of the 2013-2014 fiscal year budget, the original General Fund budget was increased by $8,951,639 during the year, not including transfers out, primarily due to additional financial resources made available from State and Federal Agencies for Public Protection, Public Assistance, and Health Services. Actual expenditures in the General Fund were $23,684,343 less than the original budget, including transfers out.

The 2013-2014 total expenditures were $14,095,749, or 3.96%, greater than the prior fiscal year, not including transfers. This was largely due to increased spending in Public Protection and Public Assistance due to additional funding from realignment. General Fund actual revenues were $14,715,460 lower than the original budget. The majority of this was due to a difference of $24.6 million from the original budget originating from Transfers In, offset by $10.9 million increase in revenue over budget from Aid from other Governments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2014, totaled $540,509,186 (net of accumulated depreciation of $400,528,065). These capital assets include land, construction in progress, infrastructure, buildings and structures, and equipment. The increase in the County's capital assets for the 2013-2014 fiscal year was $18,842,715 or 3.6%.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2013-2014 fiscal year.

Fund financial statements record capital asset purchases as expenditures.

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 60,802,680	$ 50,122,478	$ 1,858,849	$ 1,858,849	$ 62,661,529	$ 51,981,327
Construction in progress	18,460,192	44,907,791	264,518	1,223,856	18,724,710	46,131,647
Infrastructure	596,153,931	574,889,300	-	-	596,153,931	574,889,300
Buildings and structures	161,740,495	130,195,693	44,420,476	42,798,919	206,160,971	172,994,612
Equipment	46,951,572	45,596,208	10,383,846	10,320,951	57,335,418	55,917,159
Accumulated depreciation	(367,904,483)	(349,369,156)	(32,622,890)	(30,878,418)	(400,527,373)	(380,247,574)
Total	$ 516,204,387	$ 496,342,314	$ 24,304,799	$ 25,324,157	$ 540,509,186	$ 521,666,471

Capital Assets increased in Governmental Activities by $19.9 million. Infrastructure increased by $21.3 million over the prior year, of which $8 million was due to a prior period adjustment (refer to Note 22) and $13.3 were additions for roads and drainage. There was a $26.4 million decrease in Construction in Progress due to $41.8 million in completed projects offset by an increase of $15.4 million in various projects. Of the completed projects $10.7 million were land and $31.1 million were buildings. Machinery and equipment increased by $1.4 million. These were offset by an increase of approximately $18.5 million in depreciation charges.

Business-type capital assets decreased by $1,019,358 primarily due to increase in accumulated depreciation.

Additional information on the County's capital assets can be found in Note 7 on pages 74-76 of this report.

Long-Term Debt

The County's long-term debt for governmental and business-type activities is presented below to illustrate changes from the prior year:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Refunding certificates of participation	$ 29,607,347	$ 24,534,509	$ -	$ -	$ 29,607,347	$ 24,534,509
Lease revenue bonds	12,324,514	6,450,000	-	-	12,324,514	6,450,000
Lease revenue refunding bonds	1,751,329	1,812,279	-	-	1,751,329	1,812,279
Certificates of participation	29,307,293	31,278,200	-	-	29,307,293	31,278,200
Revenue bonds	195,000	225,000	-	-	195,000	225,000
Mandated payment	725,074	1,450,147	-	-	725,074	1,450,147
Loans payable	138,053	173,494	490,341	530,658	628,394	704,152
Capital leases	5,095,679	5,090,588	1,860	2,951	5,097,539	5,093,539
Total	$ 79,144,289	$ 71,014,217	$ 492,201	$ 533,609	$ 79,636,490	$ 71,547,826

For the governmental activities, the County had total long-term debt outstanding of $79,144,289 as compared to $71,014,217 the prior year (excluding compensated absences and estimated claims), an increase of $8,130,072. Lease Revenue bonds of $11,810,000 were issued during the year, offset by bond redemptions.

For the business-type activities, the County had total long-term debt outstanding of $492,201 as compared to $533,609 in the prior year (excluding post-closure liability), a decrease of $41,408, which represented the amount of retirement of debt for the year.

The County's total debt for all primary government activities increased by $8,088,664 or 11.31%, during the current fiscal year (excluding compensated absences, estimated claims, and post-closure liability).

The County maintains a Standard & Poor's 'SP-1+' and a Moody's 'MIG 1' rating for short term notes. Moody's has assigned its long-term rating on the County's General Fund certificates of participation and lease revenue bonds of "A2." This rating was last reviewed by Moody's in March 2014. Standard & Poor's has assigned its long-term rating on the County's General Fund certificates of participation and lease revenue bonds of "A+." This rating was last reviewed by Standard & Poor's in March 2014. Such ratings reflect only the views of the rating agency and any desired explanation of the significance of such ratings should be obtained from the rating agency.

The component unit, Santa Cruz County Sanitation District, had total long-term debt outstanding of $23,212,738 as compared to $21,484,035 in the prior year. This amount was comprised of $3,931,135 of Waste Water Revenue Refunding Bonds (including unamortized bond premium), $405,000 of Limited Obligation Refunding Improvement Bonds, and $18,876,603 of Loans Payable. During the year, retirement of debt amounted to $2,621,435 and a loan payable was increased by $4,350,138.

Additional information on the County's long-term debt can be found in Note 10 on pages 80-87 of this report.

FISCAL YEAR 2014-2015 BUDGET AND ECONOMIC CONDITIONS

The 2014-2015 County Budget continues its progress towards attaining financial stability and structural balance. The budget calls for a 9.68% increase over the prior year for General and Special Revenue funds.

Even so, the structural deficit has been reduced from $9.8 million in 2013-14 to $8.3 million in 2014-15, closing the gap by 16%.

- There was an increase in property assessed values for the 2014-2015 fiscal year, resulting in a modest increase in budgeted property tax revenues of 3.62% over the prior fiscal year actual revenue.

- Increase of 7.4% from General Fund intergovernmental revenues related to increases in Mental Health Services Act and other intergovernmental revenues related to Behavioral Health, increase in State AB118 local revenue fund program for Health and Human Services, and increase in Prop 172 half cent sales tax for public safety.

- Final hours of negotiated furlough were restored in 2014-15.

- There was a net increase of 47.55 positions, primarily in Human Services, Health Services Agency, and Sheriff Coroner Department.

    - The Patient Protection and Affordable Care Act (ACA) went into effect in January 2014. Implementation and ongoing support were the primary drivers of the 25.5 positions added in Human Services.

    - The newly completed Santa Cruz County Behavioral Health Center construction project and beginning operations was the primary driver of the additional 14.5 position in Health Services.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, County of Santa Cruz, 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

BASIC FINANCIAL STATEMENTS

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

COUNTY OF SANTA CRUZ
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF NET POSITION
JUNE 30, 2014

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash and investments	$ 202,008,269	$ 9,119,550	$ 211,127,819	$ 27,648,822
Restricted cash	16,017,627	6,048,411	22,066,038	1,231,642
Loans receivable	58,226,851	115,956	58,342,807	-
Receivables, net	36,218,678	587,050	36,805,728	-
Deposits with others	240,000	-	240,000	-
Inventory	589,233	119,770	709,003	13,935
Prepaid items	516,245	-	516,245	-
Land held for resale	1,999,136	-	1,999,136	-
Notes receivable	-	-	-	55,077
Internal balances	493,629	(493,629)	-	-
Capital assets:				
Nondepreciable assets	79,262,872	2,123,367	81,386,239	7,029,417
Depreciable assets, net	436,941,515	22,181,432	459,122,947	111,426,340
Total assets	832,514,055	39,801,907	872,315,962	147,405,233
LIABILITIES				
Payables	21,371,335	955,879	22,327,214	2,593,103
Accrued interest payable	914,396	-	914,396	202,885
Tax and revenue anticipation notes payable	50,997,222	-	50,997,222	-
Advances from grantors and third parties	41,357,475	-	41,357,475	-
Compensated absences:				
Due within one year	18,787,089	-	18,787,089	-
Due in more than one year	7,716,867	-	7,716,867	-
Estimated claims:				
Due within one year	8,233,122	-	8,233,122	-
Due in more than one year	38,750,901	-	38,750,901	-
Other long-term liabilities:				
Due within one year	5,224,070	42,583	5,266,653	2,868,614
Due in more than one year	73,920,219	6,049,135	79,969,354	20,344,124
OPEB liability	102,743,480	-	102,743,480	-
Pollution remediation obligation	-	-	-	6,465
Total liabilities	370,016,176	7,047,597	377,063,773	26,015,191
NET POSITION				
Net investment in capital assets	458,888,081	24,033,431	482,921,512	95,243,019
Restricted for:				
Debt service	3,440,535	-	3,440,535	1,133,798
Capital asset acquisition	27,108,662	-	27,108,662	-
Public safety	5,465,469	-	5,465,469	-
Health and public assistance	2,895,998	-	2,895,998	-
Public ways and facilities	30,544,290	-	30,544,290	-
Other	-	475,894	475,894	-
Unrestricted	(65,845,156)	8,244,985	(57,600,171)	25,013,225
Total net position	$ 462,497,879	$ 32,754,310	$ 495,252,189	$ 121,390,042

See accompanying Notes to Basic Financial Statements.

COUNTY OF SANTA CRUZ
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

		Program Revenues			
Functions/Programs	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government:					
Governmental activities:					
General government	$ 35,732,399	$ 19,149,648	$ 2,985,676	$ 237,992	$ 22,373,316
Public protection	136,188,606	21,426,280	42,839,372	3,627,955	67,893,607
Public ways and facilities	21,218,788	5,166,853	8,311,969	6,175,247	19,654,069
Health and sanitation	109,447,331	25,318,134	89,493,893	499,724	115,311,751
Public assistance	113,591,646	512,107	84,011,113	-	84,523,220
Education	5,132,749	-	57,733	-	57,733
Recreation and cultural services	7,656,626	3,119,229	4,235	-	3,123,464
Debt service	4,344,010	-	158,900	-	158,900
Total governmental activities	433,312,155	74,692,251	227,862,891	10,540,918	313,096,060
Business-type activities:					
County Disposal Sites CSA 9C	11,362,925	10,223,801	348,202	-	10,572,003
Boulder Creek CSA 7	307,296	439,060	-	-	439,060
Rolling Woods CSA 10	13,923	16,518	-	-	16,518
Septic Tank Maintenance CSA 12	1,113,976	1,006,788	-	-	1,006,788
Freedom County Sanitation District	603,332	765,831	-	-	765,831
Davenport Sanitation District	553,124	429,398	33,439	195	463,032
Place de Mer CSA 2	22,850	82,983	-	-	82,983
Sand Dollar Beach CSA 5	241,140	249,989	-	-	249,989
Trestle Beach CSA 20	58,232	43,659	-	-	43,659
Summit West CSA 54	141	-	-	-	-
Graham Hill CSA 57	52,623	91,585	-	-	91,585
Total business-type activities	14,329,562	13,349,612	381,641	195	13,731,448
Total primary government	$ 447,641,717	$ 88,041,863	$ 228,244,532	$ 10,541,113	$ 326,827,508
Component unit:					
Santa Cruz County Sanitation District	$ 22,698,327	$ 21,977,224	$ 94,218	$ 166,076	$ 22,237,518

General Revenues:

Taxes:

Property taxes

Property transfer fees

Sales and use taxes

Transient occupancy taxes

Other taxes

Total taxes

Interest and investment earnings

Gain/(loss) on disposal of capital assets

Miscellaneous

Total general revenues

Change in net position before prior period adjustment

Net position - beginning of year

Prior period adjustment (Note 22)

Net position - beginning, as restated

Net position - end of year

See accompanying Notes to Basic Financial Statements.

COUNTY OF SANTA CRUZ
GOVERNMENT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Unit
$ (13,359,083)	$ -	$ (13,359,083)	
(68,294,999)	-	(68,294,999)	
(1,564,719)	-	(1,564,719)	
5,864,420	-	5,864,420	
(29,068,426)	-	(29,068,426)	
(5,075,016)	-	(5,075,016)	
(4,533,162)	-	(4,533,162)	
(4,185,110)	-	(4,185,110)	
(120,216,095)	-	(120,216,095)	
-	(790,922)	(790,922)	
-	131,764	131,764	
-	2,595	2,595	
-	(107,188)	(107,188)	
-	162,499	162,499	
-	(90,092)	(90,092)	
-	60,133	60,133	
-	8,849	8,849	
-	(14,573)	(14,573)	
-	(141)	(141)	
-	38,962	38,962	
-	(598,114)	(598,114)	
$ (120,216,095)	$ (598,114)	$ (120,814,209)	
			$ (460,809)
88,177,794	24,530	88,202,324	93,064
1,906,116	-	1,906,116	-
9,839,968	-	9,839,968	-
5,513,983	-	5,513,983	-
1,786,118	-	1,786,118	-
107,223,979	24,530	107,248,509	93,064
3,651,756	94,992	3,746,748	229,497
(3,562)	294	(3,268)	4,655
13,304,249	531,131	13,835,380	-
124,176,422	650,947	124,827,369	327,216
3,960,327	52,833	4,013,160	(133,593)
450,537,552	32,701,477	483,239,029	121,523,635
8,000,000	-	8,000,000	-
458,537,552	32,701,477	491,239,029	121,523,635
$ 462,497,879	$ 32,754,310	$ 495,252,189	$ 121,390,042

THE GREAT SEAL OF THE COUNTY OF
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SINE PRAEJUDICIO
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FUND FINANCIAL STATEMENTS

THE GREAT SEAL OF THE COUNTY OF
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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund – The General Fund is used to account for sources and uses of financial resources traditionally associated with governments, and which are not required to be accounted for in another fund.

Housing Fund – The Housing Fund is primarily used to account for Community Development Block Grant Programs. The principal sources of revenues are State grants and housing rehabilitation loan repayments.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition of land, and acquisition and construction of major facilities other than those financed by the proprietary funds.

Non-major Governmental Funds – Non-Major Governmental Funds is the aggregate of all the non-major governmental funds.

THE GREAT SEAL OF THE COUNTY OF
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COUNTY OF SANTA CRUZ
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	Major Funds				
	General Fund	Housing Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 113,643,756	$ 18,903,035	$ 14,991,428	$ 22,902,340	$ 170,440,559
Restricted cash and investments	-	-	-	16,017,627	16,017,627
Receivables, net	31,336,409	-	15,000	4,118,386	35,469,795
Due from other funds	398,728	-	-	99,641	498,369
Loans receivable	-	58,226,851	-	-	58,226,851
Deposits with others	90,000	-	-	-	90,000
Inventory	27,616	-	-	-	27,616
Prepaids	428,354	-	-	44,094	472,448
Land held for resale	-	1,999,136	-	-	1,999,136
Advances to other funds	-	-	-	746,429	746,429
Total assets	$ 145,924,863	$ 79,129,022	$ 15,006,428	$ 43,928,517	$ 283,988,830
LIABILITIES					
Payables	$ 15,798,811	$ 192,399	$ 392,012	$ 3,460,679	$ 19,843,901
Tax and revenue anticipation notes payable	50,997,222	-	-	-	50,997,222
Due to other funds	-	-	99,641	1,294,768	1,394,409
Advances from grantors and third parties	38,413,948	-	-	2,943,527	41,357,475
Total liabilities	105,209,981	192,399	491,653	7,698,974	113,593,007
FUND BALANCES					
Nonspendable	872,268	60,225,987	-	-	61,098,255
Restricted	2,000	18,710,636	14,514,775	36,229,543	69,456,954
Committed	21,627,133	-	-	-	21,627,133
Assigned	18,213,481	-	-	-	18,213,481
Unassigned	-	-	-	-	-
Total fund balance	40,714,882	78,936,623	14,514,775	36,229,543	170,395,823
Total liabilities and fund balances	$ 145,924,863	$ 79,129,022	$ 15,006,428	$ 43,928,517	$ 283,988,830

See accompanying Notes to Basic Financial Statements.

COUNTY OF SANTA CRUZ
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balances - Total Governmental Funds		$ 170,395,823
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. (Net of $5,501,823 of internal service fund capital assets)		510,702,564
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position:		
Internal service funds included in governmental activities		(13,390,576)
Transfer of internal service funds to business-type activities		(316,555)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the governmental funds.		
Refunding certificates of participation, including premium	$ (29,607,347)	
Lease revenue bonds	(12,324,514)	
Lease revenue refunding bonds, including premium	(1,751,329)	
Certificates of participation, including premium	(29,307,293)	
Revenue bonds	(195,000)	
California Energy Resources Conservation and Development Commission	(138,053)	
Scotts Valley Writ of Mandate	(725,074)	
OPEB liability	(102,743,480)	
Compensated absences	(22,110,167)	
Capital leases	(5,076,724)	(203,978,981)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds.		(914,396)
Net Position of Governmental Activities		$ 462,497,879

See accompanying Notes to Basic Financial Statements.

COUNTY OF SANTA CRUZ
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds				
	General Fund	Housing Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 92,958,333	$ -	$ -	$ 14,265,646	$ 107,223,979
Licenses and permits	9,848,179	-	-	(1,466)	9,846,713
Fines, forfeitures, and penalties	4,751,384	-	-	6,849	4,758,233
Use of money and property	2,891,836	202,688	222,036	163,584	3,480,144
Aid from other governments	218,825,254	258,578	-	19,319,977	238,403,809
Charges for services	46,183,054	185,011	2,954,294	10,764,946	60,087,305
Other	3,358,987	1,264,865	6,740,408	1,562,490	12,926,750
Total revenues	378,817,027	1,911,142	9,916,738	46,082,026	436,726,933
EXPENDITURES:					
Current:					
General government	28,536,007	-	-	669,495	29,205,502
Public protection	117,970,260	-	-	16,334,502	134,304,762
Public ways and facilities	217,613	-	-	18,512,511	18,730,124
Health and sanitation	108,080,235	-	-	886,929	108,967,164
Public assistance	109,586,455	3,393,996	-	-	112,980,451
Education	114,039	-	-	4,800,577	4,914,616
Recreation and cultural services	6,071,566	-	-	879,293	6,950,859
Debt service:					
Principal	-	-	-	3,796,789	3,796,789
Interest and fiscal charges	178,727	-	-	2,972,289	3,151,016
Capital outlay	-	-	18,875,140	-	18,875,140
Total expenditures	370,754,902	3,393,996	18,875,140	48,852,385	441,876,423
REVENUES OVER (UNDER) EXPENDITURES	8,062,125	(1,482,854)	(8,958,402)	(2,770,359)	(5,149,490)
OTHER FINANCING SOURCES (USES):					
Transfers in	2,423,227	21,597,727	3,511,788	7,886,513	35,419,255
Transfers out	(10,764,216)	-	(20,091,624)	(5,647,058)	(36,502,898)
Proceeds of bonds issued	-	-	-	11,810,000	11,810,000
Bond premium/discount	-	-	-	812,221	812,221
Payment to refunded bond escrow agent	-	-	-	(6,362,140)	(6,362,140)
Issuance of Debt-Refunding Bond	-	-	-	6,285,000	6,285,000
Inception of capital lease	424,824	-	-	-	424,824
Total other financing sources (uses)	(7,916,165)	21,597,727	(16,579,836)	14,784,536	11,886,262
Net change in fund balances	145,960	20,114,873	(25,538,238)	12,014,177	6,736,772
Fund balances - beginning	40,568,922	58,821,750	40,053,013	24,215,366	163,659,051
Fund balances - ending	$ 40,714,882	$ 78,936,623	$ 14,514,775	$ 36,229,543	$ 170,395,823

See accompanying Notes to Basic Financial Statements.

COUNTY OF SANTA CRUZ
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balances - Total Governmental Funds		$ 6,736,772
Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balances were different because:		
Governmental funds reported acquisitions of capital assets as part of capital outlay expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense:		
Expenditures for general capital assets, infrastructure, and other related capital assets	$ 29,925,224	
Retirement of capital assets	(17,989)	
Less current year depreciation	(18,485,295)	11,421,940
Issuance of long-term debt provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Also, governmental funds report the effect of premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:		
Inception of capital lease	(424,824)	
Premium on long-term debt	(812,221)	
Refunding certificate of participation issued	(6,285,000)	
Lease revenue bond issue	(11,810,000)	(19,332,045)
Repayment of debt principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position:		
Refunding certificates of participation	1,510,000	
Certificates of participation	1,965,000	
Lease revenue bonds	6,450,000	
Lease revenue refunding bonds	61,789	
Revenue bonds	30,000	
California Energy Resources Conservation and Development Commission	34,784	
Scotts Valley Writ of Mandate	725,073	
McGaffigan Mill Road Homeowner's Association	657	
Capital leases	423,146	11,200,449
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds:		
Amortization of bond premium/discount	4,937	
Amortization of bond issuance costs	(1,203,993)	
Change in accrued interest payable	21,041	
Change in compensated absences	(448,377)	(1,626,392)
OPEB obligation costs do not require current resources, so they are not reported on the governmental funds.		(7,326,833)
Internal service funds were used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds was reported with governmental activities.		2,508,938
Reversal of prior year transfer of internal service funds to business-type activities.		694,053
Transfer of internal service funds to business-type activities.		(316,555)
Change in Net Position of Governmental Activities before Prior Period Adjustment		3,960,327
Prior Period Adjustment (Correction of Prior Year Asset Impairment)		8,000,000
Change in Net Position of Governmental Activities		$ 11,960,327

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Proprietary Funds – Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

Enterprise Funds – The Enterprise funds are used to account for County operations that are financed and operated in a manner similar to private business enterprises. The intent of the County in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

> ***County Disposal Sites CSA 9C –*** The County Disposal Sites CSA 9C Fund is used to account for the activities of the County's refuse utility, which provides refuse pick-up services, recycling services, and a sanitary landfill for residents of the County.

Internal Service Funds – The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

THE GREAT SEAL OF THE COUNTY OF
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COUNTY OF SANTA CRUZ
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Non-Major Enterprise Funds	Total	
ASSETS				
Current assets:				
Cash and investments	$ 3,982,917	$ 5,136,633	$ 9,119,550	$ 31,567,710
Restricted cash	6,031,984	16,427	6,048,411	-
Receivables	575,128	11,922	587,050	748,883
Due from other funds	-	-	-	959,795
Deposits with others	-	-	-	150,000
Inventory	119,770	-	119,770	561,617
Prepaid items	-	-	-	43,797
Total current assets	10,709,799	5,164,982	15,874,781	34,031,802
Noncurrent assets:				
Loans receivable	-	115,956	115,956	-
Capital assets:				
Nondepreciable:				
Land	1,858,849	-	1,858,849	97,087
Construction in progress	104,192	160,326	264,518	61,083
Depreciable:				
Buildings and structures	25,730,812	18,689,664	44,420,476	3,085,057
Equipment	10,197,240	186,606	10,383,846	27,457,820
Accumulated depreciation	(24,510,221)	(8,112,669)	(32,622,890)	(25,199,224)
Capital assets, net	13,380,872	10,923,927	24,304,799	5,501,823
Total noncurrent assets	13,380,872	11,039,883	24,420,755	5,501,823
Total assets	24,090,671	16,204,865	40,295,536	39,533,625
LIABILITIES				
Current liabilities:				
Payables	680,795	275,084	955,879	1,527,434
Due to other funds	-	63,755	63,755	-
Advances from other funds	746,429	-	746,429	-
Current portion of long-term liabilities	-	41,376	41,376	-
Capital leases	1,207	-	1,207	7,438
Claims liability	-	-	-	8,233,122
Compensated absences, due within one year	-	-	-	2,948,500
Total current liabilities	1,428,431	380,215	1,808,646	12,716,494
Noncurrent liabilities:				
Long-term liabilities	-	448,965	448,965	-
Capital leases	653	-	653	11,517
Claims liability	-	-	-	38,750,901
Closure and postclosure care costs liability	5,599,517	-	5,599,517	-
Compensated absences, due in more than one year	-	-	-	1,445,289
Total noncurrent liabilities	5,600,170	448,965	6,049,135	40,207,707
Total liabilities	7,028,601	829,180	7,857,781	52,924,201
NET POSITION				
Net investment in capital assets	13,379,012	10,654,419	24,033,431	5,482,868
Restricted for:				
Debt service	432,467	43,427	475,894	-
Unrestricted	3,250,591	4,677,839	7,928,430	(18,873,444)
Total net position	$ 17,062,070	$ 15,375,685	32,437,755	$ (13,390,576)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			316,555	
Net Position of Business-Type Activities per Government-Wide Financial Statements			$ 32,754,310	

See accompanying Notes to Basic Financial Statements.

COUNTY OF SANTA CRUZ
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Non-Major Enterprise Funds	Total	
OPERATING REVENUES:				
Charges for services	$ 10,223,801	$ 3,125,811	$ 13,349,612	$ 61,472,052
Other revenues	531,131	-	531,131	447,387
Total operating revenues	10,754,932	3,125,811	13,880,743	61,919,439
OPERATING EXPENSES:				
Salaries and employee benefits	-	-	-	33,540,712
Services and supplies	9,759,388	2,448,205	12,207,593	13,554,240
Insurance and compensation claims	-	-	-	12,289,142
Other	-	-	-	42,593
Depreciation and amortization	1,270,087	474,384	1,744,471	1,220,528
Total operating expenses	11,029,475	2,922,589	13,952,064	60,647,215
Operating income (loss)	(274,543)	203,222	(71,321)	1,272,224
NONOPERATING REVENUES (EXPENSES):				
Intergovernmental	348,202	33,439	381,641	-
Interest and investment income	71,391	32,019	103,410	173,484
Property taxes	-	24,530	24,530	-
Gain/(loss) on disposal of capital assets	294	-	294	(3,562)
Interest expense	(277)	(8,141)	(8,418)	(1,872)
Inception of capital lease	-	-	-	(14,979)
Total nonoperating revenues (expenses)	419,610	81,847	501,457	153,071
Income before contributions and transfers	145,067	285,069	430,136	1,425,295
Capital contributions	-	195	195	-
Transfers in	-	-	-	1,083,643
Change in net position	145,067	285,264	430,331	2,508,938
Net position - beginning	16,917,003	15,090,421	32,007,424	(15,899,514)
Net position - ending	$ 17,062,070	$ 15,375,685	32,437,755	$ (13,390,576)
Change in Net Position of Business-Type Activities			430,331	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(377,498)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements			$ 52,833	

See accompanying Notes to Basic Financial Statements.

THE GREAT SEAL OF THE COUNTY OF
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COUNTY OF SANTA CRUZ
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County Disposal Sites CSA 9C	Non-Major Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 10,785,309	$ 3,134,103	$ 13,919,412	$ 20,172,892
Receipts from interfund charges for services	-	-	-	41,300,525
Payments to suppliers for goods and services	(4,038,888)	(1,297,672)	(5,336,560)	(20,363,832)
Payments to employees for salaries and benefits	-	-	-	(33,452,842)
Payments to other funds for services provided	(6,220,660)	(959,977)	(7,180,637)	-
Payments for judgments and claims	-	-	-	(5,437,293)
Other receipts	-	-	-	593
Other payments	-	(96,796)	(96,796)	(524,971)
Net cash provided by operating activities	525,761	779,658	1,305,419	1,695,072
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	-	-	1,083,643
Operating grants	348,202	33,439	381,641	-
Principal paid on other long-term liabilities	-	(11,916)	(11,916)	-
Interest paid on other long-term liabilities	-	(6,051)	(6,051)	-
Property taxes	-	24,530	24,530	-
Net cash provided (used) by noncapital financing activities	348,202	40,002	388,204	1,083,643
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	-	195	195	-
Acquisition and construction of capital assets	(167,754)	(523,800)	(691,554)	(1,710,554)
Principal paid on capital debt	(1,084)	(28,400)	(29,484)	(11,840)
Interest paid on capital debt	(277)	(8,141)	(8,418)	(1,872)
Proceeds from sale of capital assets	294	-	294	100
Net cash (used) by capital and related financing activities	(168,821)	(560,146)	(728,967)	(1,724,166)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	71,391	38,070	109,461	173,484
Net cash provided by investing activities	71,391	38,070	109,461	173,484
Net increase in cash and cash equivalents	776,533	297,584	1,074,117	1,228,033
CASH AND CASH EQUIVALENTS:				
Beginning of year	9,238,368	4,855,476	14,093,844	30,339,677
End of year	$ 10,014,901	$ 5,153,060	$ 15,167,961	$ 31,567,710

(Continued)

See accompanying Notes to Basic Financial Statements

COUNTY OF SANTA CRUZ
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	County Disposal Sites CSA 9C	Non-Major Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (274,543)	$ 203,222	$ (71,321)	$ 1,272,224
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,270,087	474,384	1,744,471	1,220,528
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	30,377	8,291	38,668	(128,563)
Inventory	9,082	-	9,082	5,457
Prepaid items	-	-	-	7,928
Due from other funds	-	-	-	(316,867)
Increase (decrease) in:				
Payables	253,018	190,557	443,575	39,166
Due to other funds	(251,332)	(96,796)	(348,128)	(482,378)
Accrued salaries and benefits	-	-	-	110,553
Compensated absences	-	-	-	(17,997)
Capital leases	-	-	-	(14,979)
Closure and postclosure care liability	(510,928)	-	(510,928)	-
Total adjustments	800,304	576,436	1,376,740	422,848
Net cash provided by operating activities	$ 525,761	$ 779,658	$ 1,305,419	$ 1,695,072

(Concluded)

See accompanying Notes to Basic Financial Statements.

THE GREAT SEAL OF THE COUNTY OF
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SINE PRAEJUDICIO
SANTA CRUZ

FIDUCIARY FUND

FINANCIAL STATEMENTS

Fiduciary Funds – The Fiduciary Funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Agency Funds – The Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent, for distribution to other governmental entities or other organizations.

Investment Trust Fund – The Investment Trust Fund is used to account for the investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities.

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

THE GREAT SEAL OF THE COUNTY OF
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SANTA CRUZ

COUNTY OF SANTA CRUZ
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund	Total
ASSETS				
Cash and investments	$ 40,952,844	$ 337,236,911	$ 13,455,690	$ 391,645,445
Restricted cash with fiscal agents	-	-	11,681,324	11,681,324
Receivables	12,335,292	-	-	12,335,292
Prepaid insurance	-	-	1,459,861	1,459,861
Capital assets, net	-	-	9,206,646	9,206,646
Total assets	$ 53,288,136	$ 337,236,911	$ 35,803,521	$ 426,328,568
LIABILITIES				
Accounts payable	$ 5,151,243	$ -	$ 58,720	$ 5,209,963
Interest payable	-	-	4,577,047	4,577,047
Due to other governmental units	25,670,319	-	-	25,670,319
Agency funds held for others	22,466,574	-	-	22,466,574
Long-term debt	-	-	235,689,996	235,689,996
Total liabilities	$ 53,288,136	$ -	$ 240,325,763	$ 293,613,899
DEFERRED INFLOWS OF RESOURCES				
Deferred tax increment revenue	$ -	$ -	$ 7,713,457	$ 7,713,457
Gain on refunding of debt	-	-	99,323	99,323
Total deferred inflows of resources	$ -	$ -	$ 7,812,780	$ 7,812,780
NET POSITION				
Net position held in trust	$ -	$ 337,236,911	$ (212,335,022)	$ 124,901,889

See accompanying Notes to Basic Financial Statements.

THE GREAT SEAL OF THE COUNTY OF
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COUNTY OF SANTA CRUZ
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Investment Trust Fund	Private Purpose Trust Fund	Total
ADDITIONS			
Contributions:			
Contribution to investment pool	$ 1,339,964,666	$ -	$ 1,339,964,666
Contributions from other agencies	-	48,019	48,019
Total contributions	1,339,964,666	48,019	1,340,012,685
Investment income	1,221,709	101,394	1,323,103
Tax increment received	-	19,097,878	19,097,878
Other revenue	-	67,696	67,696
Total additions	1,341,186,375	19,314,987	1,360,501,362
DEDUCTIONS			
Distributions from investment pool	1,362,763,338	-	1,362,763,338
Payments in accordance with trust agreements	-	22,065,979	22,065,979
Total deductions	1,362,763,338	22,065,979	1,384,829,317
Change in net position held in trust:	(21,576,963)	(2,750,992)	(24,327,955)
Net position - beginning of year	358,813,874	(207,095,983)	151,717,891
Prior period adjustment	-	(2,488,047)	(2,488,047)
Net position - beginning of year, as restated	358,813,874	(209,584,030)	149,229,844
Net position held in trust - end of year	$ 337,236,911	$ (212,335,022)	$ 124,901,889

THE GREAT SEAL OF THE COUNTY OF
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SINE PRAEJUDICIO
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NOTES TO BASIC FINANCIAL STATEMENTS

THE GREAT SEAL OF THE COUNTY OF
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COUNTY OF SANTA CRUZ
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014
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THE GREAT SEAL OF THE COUNTY OF
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County of Santa Cruz (County) was established by an act of the State Legislature of California in 1850 and is governed by a five-member elected Board of Supervisors (the Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

As required by accounting principles generally accepted in the United States (GAAP), the accompanying basic financial statements present the County (the primary government) and its component units. Component units are legally separate entities for which the Board is considered to be financially accountable. Component units are entities that meet any one of the following tests:

1. The Board appoints the voting majority of the board and:
   - is able to impose its will on the component unit and/or
   - is in a relationship of financial benefit or burden with the component unit.
2. The component unit is fiscally dependent upon the County.
3. The financial statements of the County would be misleading if data from the component unit were omitted.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government. The discretely presented component unit is reported in a separate column in the Government-Wide Financial Statements since it does not have a shared governing body nor is it of exclusive or almost exclusive benefit to the primary government.

The following funds are grouped by the Special Revenue Fund under which they are reported in the combining statements:

- Library
- Fire
- Off Highway, Road, and Transportation
- Financing Authorities
- Fish and Game
- Park Dedication and State Park Bonds
- Health Services
- Santa Cruz County Flood Control and Water Conservation Zone 7

Blended Component Units

The following entities serve citizens of the County and provide for the construction and maintenance of County parks and recreation, police protection, mosquito abatement, fire protection, street lighting, roads, flood control, sewer, and refuse disposal districts. They are reported as if they were part of the primary government because they are governed by the Board. The Board establishes the work program and adopts the budget. Administrative services are provided by various departments of the County.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Santa Cruz Flood Control and Water Conservation District – Zone 7

Santa Cruz Flood Control and Water Conservation District – Zone 7 (Zone 7) was established to provide funding for the local share of proposed Army Corps of Engineers flood control projects on the Pajaro River, Salsipuedes Creek, and Corralitos Creek. Zone 7 is governed by a seven-member board consisting of the Board and two additional members, one appointed by the City of Watsonville and another appointed by the Pajaro Valley Water Agency. Administrative services are provided by the County's Department of Public Works. Completed financial statements may be obtained from the Department of Public Works at 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

Santa Cruz County Financing Authorities

The Santa Cruz County Financing Authorities (Financing Authorities) facilitate financing for the County. The Financing Authorities are established and governed by the Board and are not legally required to adopt a budget. Administrative services are provided by the County. Completed financial statements may be obtained from the County at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

Discretely Presented Component Unit

Santa Cruz County Sanitation District

The Santa Cruz County Sanitation District (District) is included as a discretely presented component unit of the County because: 1) the Board appoints the District's governing board, and 2) the District has an ongoing relationship with the County. The District is governed by a three-member board and managed by the County's Department of Public Works under the direction of the District Board of Directors. The District, as a component unit, is presented separately from the primary government in the Government-Wide Financial Statements. Administrative services are provided by the County Department of Public Works and central support departments (i.e., personnel, purchasing, treasury, etc.). Complete financial statements may be obtained from the County, 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

Districts Governed by the Board of Supervisors

Public Protection

- County Fire Protection CSA 48
- Police Protection CSA 38
- Pajaro Storm Drain Maintenance District
- Pajaro Dunes Fire Protection CSA 4
- Pajaro Dunes Station Maintenance Fund
- Pajaro Dunes Station Assessment District Reserve
- Santa Cruz County Flood Control and Water Conservation Zone 4
- Santa Cruz County Flood Control and Water Conservation Zone 5
- Santa Cruz County Flood Control and Water Conservation Zone 6
- Santa Cruz County Flood Control and Water Conservation Zone 7A
- Santa Cruz County Flood Control and Water Conservation Zone 8
- Santa Cruz County Flood Control and Water Conservation Zone – General

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Districts Governed by the Board of Supervisors (Continued)

Health and Sanitation

- Pasatiempo Rolling Woods Sewer District
- Mosquito Abatement CSA 53

Recreation and Cultural Services

- Parks and Recreation District CSA 11
- CSA 11 Zone E
- CSA 11L Lompico Community

Public Ways and Facilities

- County Highway Lighting CSA 9
- County Highway Residential Lighting CSA 9 Zone A
- School Crossing Guard CSA 9 Zone B
- County Road Maintenance CSA 9D Zone 1
- County Road Maintenance CSA 9D Zone 2
- CSA 9D Zone 3
- Hutchinson Road CSA 13
- Oakflat Road CSA 13A
- Huckleberry Woods Road CSA 15
- Robak Drive CSA 16
- Empire Acres CSA 17
- Whitehouse Canyon CSA 18
- Westdale Drive CSA 21
- Kelly Hill CSA 22
- Old Ranch Road CSA 23
- Pineridge CSA 24
- Viewpoint Road CSA 25
- Hidden Valley CSA 26
- Lomond Terrace CSA 28
- Glenwood Acres CSA 30
- View Circle CSA 32
- Soquel Village Parking Improvement
- Underground Utilities #4-41st Ave.
- Redwood Drive CSA 33
- Larsen Road CSA 34
- County Estates CSA 35
- Forest Glen CSA 36
- Roberts Road CSA 37
- Reed Street CSA 39
- Ralston Way CSA 40
- Loma Prieta CSA 41
- Sunlit Lane CSA 42
- Bonita-Encino Drive CSA 43
- Sunbeam Woods CSA 44
- Pinecrest CSA 46
- Braemoor CSA 47
- Vineyard CSA 50
- Hopkins Gulch CSA 51
- Upper Pleasant Valley CSA 52
- Riverdale Park Road CSA 55
- Felton Grove CSA 56
- Mansfield Street Assessment District
- Ridge Drive CSA 58
- McGaffigan Mill Road CSA 59
- Aptos Seascape County Service Area (CSA) 3
- Streetscape CSA 9E

Geologic Hazard Abatement Districts (GHAD)

- Corralitos GHAD
- Mid-County GHAD
- Heartwood GHAD

The following Board of Supervisors Governed District funds are reported as Enterprise Funds (Sewer and Refuse Disposal Districts):

- Boulder Creek CSA 7
- Rolling Woods CSA 10
- Septic Tank Maintenance CSA 12
- Freedom County Sanitation District
- Davenport County Sanitation District
- County Disposal Sites CSA 9C
- Place De Mer CSA 2
- Sand Dollar Beach CSA 5
- Trestle Beach CSA 20
- Summit West CSA 54
- Graham Hill CSA 57

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus

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 County's accounting policies are described below. The accounting policies of the County conform to GAAP in the United States for local governmental units. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

New Accounting Pronouncements

The following GASB Statements have been implemented in the current financial statements:

Governmental Accounting Standards Board Statement No. 66

GASB Statement No. 66, *Technical Corrections – an amendment of GASB Statement No. 10 and No. 62,* resolves conflicting guidance between GASB Statement Nos. 54 and 10 and between GASB Statement Nos. 62, 13, and 48.

Governmental Accounting Standards Board Statement No. 67

GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25,* improves financial reporting by State and local governmental pension plans.

Governmental Accounting Standards Board Statement No. 70

GASB Statement No. 70, *Accounting and Financial Reporting for Non-Exchange Financial Guarantees,* improves accounting and financial reporting by State and local governments that extend and receive non-exchange financial guarantees.

Upcoming Accounting Pronouncements

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2014. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for the GASB Statements.

Governmental Accounting Standards Board Statement No. 68

The primary objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* is to improve accounting and financial reporting by State and local governments for pensions. Application of the statement is effective for the County's fiscal year ending June 30, 2015.

Governmental Accounting Standards Board Statement No. 69

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations,* is intended to improve accounting and financial reporting for U.S. State and local governments' combinations and disposals of government operations. The requirements of this statement are effective for the County's fiscal year ending June 30, 2015.

Governmental Accounting Standards Board Statement No. 71

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68,* is to address an issue related to amounts associated with contributions, if any, made to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The requirements of this statement are effective for the County's fiscal year ending June 30, 2015.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the County accompanied by a total column, as well as its discretely presented component unit. Fiduciary activities of the County are not included in these statements.

These basic financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the County in three categories:

- Fees, fines, and charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

The County prepares a County-wide cost allocation plan in accordance with Federal Office of Management and Budget (OMB) Circular A-87. Using this directive, all indirect support costs are allocated to County funds and departments using a step-down method so that the true cost of operations can be included in determining the rates to be charged to users.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The County has presented all major funds that met the applicable criteria.

The County reports the following major governmental funds:

General Fund – The County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other specialized funds.

Housing Fund – accounts for the County's housing developments and loans.

Capital Projects Fund – used to account for the construction or acquisition of capital assets, such as land, construction-in-progress, buildings and improvements, improvements other than buildings, and infrastructure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized when "*measurable*" and "*available.*" Measurable means knowing or being able to reasonably estimate the amount. Available means having been earned and collectible within the current period or within 60 days after year-end for property tax revenues, and 180 days after year-end with limited exceptions extending the availability period for certain grant revenues. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences, which are reported when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Fund Net Position; a Statement of Revenues, Expenses, and Changes in Fund Net Position; and a Statement of Cash Flows for all proprietary funds. The County reports the following major proprietary funds:

County Disposal Sites CSA 9C Fund – Accounts for the operation and expansion of the County's landfills and implementation of State mandated environmental health programs. User fees, service area charges, and revenues from the waste recovery and recycling projects finance the fund.

Internal Service Funds – Accounts for central duplicating, information services, public works, fleet management, and self-insurance services provided to other departments, or to other governments, on a cost reimbursement basis. Internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

The other proprietary funds provide sewer collection, treatment, and disposal services as well as septic tanks and water treatment within their area of service, along with unincorporated parts of the County.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Net Position for all Agency Funds, the Investment Trust Fund, and the Private Purpose Trust Fund and a Statement of Changes in Net Position for the Investment Trust Fund and the Private Purpose Trust Fund. The County reports the following fiduciary funds:

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting. These funds, including State and County revenue funds, tax collection funds, deposit funds, and clearing and revolving funds, account for assets held by the County in an agency capacity for individuals or other government units.

Investment Trust Fund – Accounts for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments with the County in an investment portfolio for the benefit of all participants.

Private Purpose Trust Fund – Reports resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Private purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. This fund is used to report the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and activities of the County of Santa Cruz Redevelopment Agency Successor Agency.

C. Cash, Cash Equivalents, and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The County participates in an investment pool managed by the State of California titled *Local Agency Investment Fund* (LAIF) which has invested a portion of the pool funds in structured notes and asset-backed securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these structured notes and asset-backed securities are subject to market risk as well as to changes in interest rates.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash, Cash Equivalents, and Investments (Continued)

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (*an amendment of GASB No. 3*), certain disclosure requirements, if applicable, are provided for deposit and investment risk in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentration of Credit Risk
- Foreign Currency Risk

All cash and investments of proprietary funds are held in the County's investment pool. Therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for purposes of the Statement of Cash Flows as these cash pools have the general characteristic of a demand deposit account.

D. Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., current portion of interfund loans) or "advances from/to other funds" (i.e., noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Governmental-Wide Financial Statements as "internal balances."

E. Inventories and Prepaid Items

Inventories within the various fund types consist of materials and supplies which are valued at cost on a first-in, first-out basis. Cost is determined by the weighted average cost method. A reservation of fund balance has been reported in the governmental funds to show that inventories do not constitute "available spendable resources."

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. A reservation of fund balance has been reported in the governmental funds to show that prepaid amounts do not constitute "available spendable resources."

F. Capital Assets

Government-Wide Financial Statements

Capital assets, which include land, construction-in-progress, buildings and improvements, improvements other than buildings, machinery and equipment, autos and trucks, equipment under capitalized leases, and infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. County policy has set the capitalization threshold for reporting capital assets at $5,000 (for equipment and vehicles) and $25,000 (for infrastructure, buildings, and structures). Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated assets are valued at their estimated fair market value on the date donated.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Infrastructure	4-65 years
Buildings and structures	10-50 years
Equipment and vehicles	3-15 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (Continued)

Government-Wide Financial Statements (Continued)

For infrastructure systems, the County elected to use the "Basic Approach" as defined by GASB Statement No. 34 for infrastructure reporting.

The County defines infrastructure as the basic physical assets that allow the County to function. The assets include streets, bridges, sidewalks, drainage systems, lighting systems, etc. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping, and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction-related debt incurred during the period of construction is capitalized as a cost of the constructed assets.

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

The Governmental Fund Financial Statements do not present General Government capital assets. Consequently, capital assets are shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

The capital assets of the enterprise funds in the Proprietary Funds Financial Statements are the same as those shown in the business-type activities of the Government-Wide Financial Statements. Internal Service Funds' capital assets are combined with governmental activities.

G. Land Held for Resale

Land held for resale is carried at cost. An amount equal to the carrying value of land is reported in the nonspendable fund balance because such assets are not available to finance the County's current operations.

H. Deferred Outflows and Inflows of Resources

The County recognizes deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 63 and GASB Statement No. 65. Deferred outflows and inflows of resources were items previously reported as assets and liabilities and are defined as "a consumption of net position by the government that is applicable to a future reporting period and an acquisition of net position by the government that is applicable to a future reporting period, respectively."

I. Long-Term Debt

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in Government-Wide Financial Statements and the Proprietary Fund Financial Statements.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Debt (Continued)

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt. As such, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

J. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the year paid, as it is the County's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund. Vested or accumulated compensated absences in proprietary funds are recorded as an expense and liability of those funds as the benefits accrue to employees. The compensated absences liability will generally be liquidated through individual funds.

K. Claims Payable

The County records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes "incurred but not reported" (IBNR) claims. There is no fixed payment schedule to pay these liabilities.

L. Net Position and Fund Balances

Government-Wide Financial Statements – In the Government-Wide Financial Statements, net position is classified in the following:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

Fund Financial Statements – In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position and Fund Balances (Continued)

Fund Financial Statements (Continued)

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

The establishment of a committed fund balance requires the passage of a resolution by a simple majority vote before June 30 of the applicable fiscal year. Board action is required to change or remove the commitment. The Board resolution shall identify the title of the commitment, describe the specific purpose for the commitment, and the actual amount of the commitment or the process or formula necessary to calculate the actual amount. Funding for Committed fund balance shall be approved annually by the Board as part of the budget approval process.

Assigned fund balance – amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority, or by a body or an official designated for that purpose.

The Board has the authority to assign funds for a specific purpose with a simple majority vote. The same action is required to change or remove an assignment.

The County Administrative Officer also has the authority to assign funds for specific purposes, and to change or remove the assignment. The establishment, change, or removal of an assignment by the County Administrative Officer must be reported to the Board at the next Board meeting. The Board may change or remove an assignment established by the County Administrative Officer with a simple majority vote.

An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget may be classified as assigned fund balance.

Unassigned fund balance – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance amount. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes and it may be necessary to report a negative unassigned fund balance in that fund.

The County considers restricted fund balances to be spent first when both restricted and unrestricted resources are available for use. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the County considers Committed amounts to be reduced first, followed by Assigned amounts, and then Unassigned amounts.

Fund Balance Policy – The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its County funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position and Fund Balances (Continued)

Fund Balance Policy (Continued)

The County has adopted a policy to achieve and maintain committed and assigned fund balance categories of no less than 7% of the upcoming budget year's estimated revenues.

Additional detailed information, along with the complete Fund Balance Policy, can be obtained from the County Auditor-Controller's office located at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

Reserve for Working Capital

The County has established a separate committed fund balance account known as the Reserve for Working Capital. Funding for the Reserve for Working Capital is established by a resolution of the Board, and will be approved annually by the Board during the budget approval process.

The purpose of the County's Reserve for Working Capital is to assist the County in maintaining a minimal fund balance. Any use of funds requires a four-fifths vote of the Board appropriating the funds, and a resolution by the Board declaring a Fiscal Emergency.

As of June 30, 2014, the County's Reserve for Working Capital fund balance was $6,000,000 and is included in the General Fund.

Reserve for Economic Uncertainty

The County has established a separate committed fund balance account known as the Reserve for Economic Uncertainty. Funding for the Reserve for Economic Uncertainty is established by a resolution of the Board, and will be approved annually by the Board during the budget approval process. The County's Reserve for Economic Uncertainty is to be used only during recessions or periods of economic distress as measured by periods of time when the local unemployment rate exceeds 8% and or the rate of inflation exceeds the growth in property taxes. Any use of funds requires a four-fifths vote of the Board appropriating the funds.

As of June 30, 2014, the County's Reserve for Economic Uncertainty fund balance was $8,290,001 and is included in the General Fund.

Reserve for Natural Disasters

The County has established a separate committed fund balance account known as the Reserve for Natural Disasters. Funding for the Reserve for Natural Disasters is established by a resolution of the Board, and will be approved annually by the Board during the budget approval process.

The purpose of the County's Reserve for Natural Disasters is to fund the extraordinary operating costs, legal costs, and cash flow problems associated with delays in State and Federal reimbursements for any natural disaster declared by the County's Director of Emergency Services and subsequently ratified by the Board, and the State of California or the Federal government. Any use of funds requires a four-fifths vote of the Board appropriating the funds.

As of June 30, 2014, the County's Reserve for Natural Disasters fund balance was $1,251,089 and is included in the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Property Tax Levy, Collection, and Maximum Rates

The State of California Constitution, Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value as defined by Article XIIIA and may be increased by no more than 2% per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and redemption charges on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State Legislature has determined the method of distribution among the counties, cities, school districts, and other districts of receipts from the 1% property tax levy.

The County assesses properties, bills for, and collects taxes as follows:

	Secured	Unsecured
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February 1	August 1
Delinquent After	December 10 and April 10	August 31
Tax Rate per $100 Full Cash Value	$1	$1
Late Penalty	10%	10%
Delinquent Interest	1-1.5% per month	1-1.5% per month

These taxes are secured by liens on the property being taxed. The Board annually sets the rates of the County and district taxes and levies County and district taxes as provided by law. The term "secured" refers to taxes on land and buildings, while "unsecured" refers to taxes on personal property other than land and buildings. During fiscal year 1993-1994, the Board adopted the Alternative Method of Tax Apportionment (the Teeter Plan). Under this method, the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if it has not yet been collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. The penalties and interest are accumulated in an Agency Fund. The County may transfer to the General Fund any excess over the reserve required by the Board and the State.

Delinquent property taxes receivable are shown on the Statement of Net Position of the property tax trust funds reported in the Agency Funds. Under California law, real property is not subject to sale for reasons of delinquent taxes until the end of the fifth year of delinquency, and the taxpayer may arrange to repay the delinquent taxes over a five year period and any time within the five year period, although the property is subject to a cash redemption up to the time of the sale.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the State of California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll.

Under the alternate apportionment method, specified amounts of penalties and interest collected on delinquent secured taxes are held in trust in the secured tax losses reserve fund to fund specified tax redemption shortfalls.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Use of Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and the disclosure of contingent assets and liabilities at the date of the basic financial statements and the related reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily cash balance of each fund. Interest earned through June 30, 2014, was distributed on the second business day during July 2014, and is shown as part of receivables on the financial statements.

The following is a summary of cash and investments at June 30, 2014:

	Government-Wide Statement of Net Position			
	Primary Governments			Component Unit
	Governmental Activities	Business-Type Activities	Total	Santa Cruz County Sanitation District
Cash and Investments	$ 202,008,269	$ 9,119,550	$ 211,127,819	$ 27,648,822
Restricted Cash and Investments	16,017,627	6,048,411	22,066,038	1,231,642
Total Cash and Investments	$ 218,025,896	$ 15,167,961	$ 233,193,857	$ 28,880,464

	Fiduciary Funds			
	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund	County Total
Cash and Investments	$ 40,952,844	$ 337,236,911	$ 13,455,690	$ 630,422,086
Restricted Cash and Investments	-	-	11,681,324	34,979,004
Total Cash and Investments	$ 40,952,844	$ 337,236,911	$ 25,137,014	$ 665,401,090

	Cash and Investments	Restricted Cash and Investments	Total
Primary Government and Fiduciary Funds:			
Cash on hand or imprest cash	$ 732,618	$ -	$ 732,618
Cash deposits in treasury pool	20,371,403	-	20,371,403
Investments in treasury pool	581,669,243	-	581,669,243
Restricted investments in other pools	-	27,715,378	27,715,378
Restricted cash deposits in treasury pool:			
Davenport County Sanitation District	-	-	-
County Disposal Sites CSA 9C	-	6,031,984	6,031,984
Total	602,773,264	33,747,362	636,520,626
Component Unit:			
Investment in treasury pool	27,648,822	261,705	27,910,527
Restricted investments in other banks	-	969,937	969,937
Total	27,648,822	1,231,642	28,880,464
Total cash and investments	$ 630,422,086	$ 34,979,004	$ 665,401,090

NOTE 2 – CASH AND INVESTMENTS (Continued)

At June 30, 2014, the County's cash on hand, deposits, and investments consisted of:

	Treasury Pool	Other Banks/Investment Pools	Total
Primary Government and Fiduciary Funds:			
Cash on hand or imprest cash	$ 93,087	$ 680,548	$ 773,635
Deposits	20,330,386	-	20,330,386
Investments	587,539,012	27,877,593	615,416,605
Total Primary Government	607,962,485	28,558,141	636,520,626
Component Unit:			
Investments	27,910,527	969,937	28,880,464
Total Component Unit	27,910,527	969,937	28,880,464
Total reporting entity	$ 635,873,012	$ 29,528,078	$ 665,401,090

The carrying amounts of the County's cash deposits were $20,371,403 at June 30, 2014. Bank balances at June 30, 2014, were $20,367,836 which were fully insured or collateralized with securities held by the pledging financial institutions in the County's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

The market value of pledged securities must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits. The County may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Authorized Investment Types	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local agency bonds	5 years	10%	None
U.S. Treasury obligations	5 years	100%	None
U.S. Government Agency obligations	5 years	100%	25%
Bankers' acceptances	180 days	40%	10%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 years	30%	10%
Bank deposit	5 years	10%	10%
Repurchase agreements	1 year	100%	10%
Medium-term notes	5 years	30%	10%
Mutual funds/money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	$50 million	None
Joint Powers Authority investment funds	N/A	25%	None

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* investments were stated at cost, as the fair market value adjustment at the year-end was immaterial.

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County's investment policy.

B. Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

At June 30, 2014, the County had the following investment maturities:

		Investment Maturities (In Years)				
Investment Type	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	More than 4
U.S. Treasury Securities	$ 232,410,950	$ 64,138,040	$ 61,057,610	$ 92,413,300	$ 14,802,000	$ -
Federal Agency Securities	226,231,521	20,007,080	80,300,380	96,236,661	29,687,400	-
Corporate Bonds and Notes	41,856,380	-	41,856,380		-	-
Medium-Term Notes - Other	16,000,000	16,000,000	-	-	-	-
Money Market Mutual Funds	25,000,000	25,000,000	-	-	-	-
Local Agency Investment Fund (LAIF)	40,023,755	40,023,755	-	-	-	-
Certificates of Deposit	50,017,677	50,017,677	-	-	-	-
Investment Agreements	969,937	-	-	-	-	969,937
Total Investments	$ 632,510,220	$ 215,186,552	$ 183,214,370	$ 188,649,961	$ 44,489,400	$ 969,937

NOTE 2 – CASH AND INVESTMENTS (Continued)

C. Concentration of Credit Risk

At June 30, 2014, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds, or medium-term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

The following schedule is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2014.

Investments Type	Standard & Poor's	Moody's	% of Portfolio
U.S. Treasury Securities	AA+	Aaa	35.49%
Federal Agency Securities	AA+	Aaa	34.55%
Corporate Bonds and Notes	AA+/AA-	AAA/Aa3/Aa2	6.39%
Medium-Term Notes - Other	Unrated	Unrated	7.64%
Money Market Mutual Funds	Unrated	Unrated	7.23%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	2.44%
Certificates of Deposit	A1+	Aa3	6.11%
Investment Agreements	AAA	Aa3	0.15%
Total			100.00%

D. Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year-end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

E. Local Agency Investment Fund (LAIF)

The County is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The County's investments with LAIF at June 30, 2014, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities: generally mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2014, the County had $40,023,755 invested in LAIF, which had invested 0.21% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 0.33% in the previous year. LAIF provided a fair value factor of 1.00029875 to calculate the fair value of the investments in LAIF. However, an adjustment was not made to reflect the fair market value of LAIF, as the fair market value adjustment was considered immaterial.

LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute.

NOTE 3 – RESTRICTED CASH AND INVESTMENTS

Cash and investments at June 30, 2014, that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities	
Non-Major Governmental Funds:	
Used for debt service	$ 16,017,627
Business-Type Activities	
County Disposal Site CSA 9C:	
Used for landfill deposits	6,031,984
Davenport County Sanitation District:	
Used for debt service and bond reserves	16,427
Subtotal	6,048,411
Component Unit	
Santa Cruz County Sanitation District:	
Used for debt service	1,231,642
Fiduciary Funds	
Redevelopment Agency Successor Agency	
Used for debt service	11,681,324
Total restricted cash and investments	$ 34,979,004

NOTE 4 – RECEIVABLES

Receivables at year-end for the County's major individual funds and non-major and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Capital Projects Fund	Non-Major Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities:					
Accounts	$ 31,005,871	$ 15,000	$ 4,118,386	$ 748,883	$ 35,888,140
Taxes	1,576,624	-	-	-	1,576,624
Gross receivables	32,582,495	15,000	4,118,386	748,883	37,464,764
Less: allowance for uncollectibles	(1,246,086)	-	-	-	(1,246,086)
Net receivables	$ 31,336,409	$ 15,000	$ 4,118,386	$ 748,883	$ 36,218,678

	County Disposal Sites CSA	Non-Major Funds	Total Business-Type Activities
Business-Type Activities:			
Accounts receivable	$ 575,128	$ 11,922	$ 587,050

NOTE 5 – INTERFUND TRANSACTIONS

A. Government-Wide Financial Statements

Long-Term Internal Balances

At June 30, 2014, the County had the following long-term internal balances:

Internal Balances Payable	Internal Balances Receivables: Governmental Activities
Business-Type Activities	$ 493,629

The "Internal Balances" on the Statement of Net Position (Government-Wide) represents the net total amount of due to/from and advances to/from between Governmental funds and Enterprise funds and between Internal Service funds and Enterprise funds. These due to/from amounts include any that are the result of allocating operating profits and losses of the Internal Service funds to the Enterprise funds (Internal Service fund allocation). The due to/from amounts that are the results of operating profits/losses of the Internal Service funds are cumulative. Each current year amount is netted with the amounts from prior year.

B. Fund Financial and Proprietary Fund Statements

Due To/From

The County had the following due to/from other funds as of June 30, 2014:

Due to Other Funds	Due from Other Funds: General Fund	Non-Major Governmental Funds	Internal Service Funds	Total
Capital Projects Fund	$ -	$ 99,641	$ -	$ 99,641
Non-Major Governmental Funds	398,728	-	896,040	1,294,768
Non-Major Enterprise Funds	-	-	63,755	63,755
Total	$ 398,728	$ 99,641	$ 959,795	$ 1,458,164

The General Fund is due $398,728 and the Internal Service Fund is due $375,000 from the Public and Capital Financing Authorities Funds for anticipated certificate of participation drawdown.

All remaining balances resulted from short-term loans used to cover operating cash deficits at year-end. These amounts will be repaid in the following fiscal year.

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

B. Fund Financial and Proprietary Fund Statements (Continued)

Long-Term Advances

The County had the following long-term advances as of June 30, 2014:

Advances from Other Funds	Advances to Other Funds: Financing Authorities Fund
County Disposal Site CSA 9C Fund	$ 746,429

This balance consists of a long-term advance between the Financing Authorities Fund and the County Disposal Site CSA 9C Fund of $746,429.

Transfers In/Out

The County had the following transfers for the year ending June 30, 2014:

Transfers Out	Transfers In: General Fund	Housing Fund	Capital Projects Fund	Non-Major Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 1,689,136	$ 2,097,167	$ 6,339,913	$ 638,000	$ 10,764,216
Capital Projects Fund	-	19,908,591	-	183,033	-	20,091,624
Non-Major Governmental Funds	2,423,227	-	1,414,621	1,363,567	445,643	5,647,058
Total	$2,423,227	$ 21,597,727	$ 3,511,788	$ 7,886,513	$ 1,083,643	$ 36,502,898

Transfers are contributions to other funds to finance various programs in accordance with budgetary authorizations.

Transfer From	Transfer To	Amount	Purpose
General Fund	Housing Fund	$ 1,689,136	Land held for resale to the Housing Fund
	Capital Projects Fund	2,097,167	To finance various facilities capital projects
	Non-Major Governmental Funds	6,339,913	To Financing Authorities Fund for debt service
	Internal Service Fund	638,000	To Fleet Internal Service Fund to purchase vehicles
		$ 10,764,216	
Capital Projects Fund	Housing Fund	$ 19,908,591	Former Redevelopment Agency housing projects to the Housing Fund
	Non-Major Governmental Funds	183,033	To the Road Fund for improvements
		$ 20,091,624	
Non-Major Governmental Funds	General Fund	$ 1,040,148	Mosquito Abatement to General Fund for salaries
	General Fund	943,452	Debt service
	General Fund	439,627	Financing Authorities Fund drawdown for General Fund projects
	Capital Projects Fund	1,414,621	Financing Authorities Fund Certificates drawdown for capital projects
	Non-Major Governmental Funds	297,858	Realignment of Park Dedication funds
	Non-Major Governmental Funds	20,000	Art in Public Places
	Non-Major Governmental Funds	1,045,709	Transfer remaining 1995B Certificates funds to Flood Control
	Internal Service Funds	416,230	Financing Authorities Fund to Information Services Fund
	Internal Service Funds	29,413	From County Fire to Service Center to purchase vehicle
		$ 5,647,058	

NOTE 6 – LOANS RECEIVABLE

A. Government-Wide Financial Statements

GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, requires the disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements. Following is the detail of receivable balance not expected to be collected within the next fiscal year:

Housing Fund Loans	
Homeowner Loans	
First Time Homebuyer Program	$ 5,944,445
Hand loans	2,775,208
Mobile Home Change Out Program	5,231,980
Mobile Home Rehab Program	302,207
Mobile Home Rehab Program (Bonds)	23,069
Sorrento Oaks	10,000
Total Homeowner Loans	14,286,909
Housing Project Loans	
Aptos Cottages (Miller)	8,682,802
CFSC, Inc - Brommer St	2,051,669
Golden Torch	1,294,133
Housing for Independent People	40,940
Marmo's	1,642,323
McGregor	891,748
McIntosh Coach Purchase #12	98,000
McIntosh Coach Purchases	92,053
Mercy - McIntosh (Coach Loan)	348,665
Mercy - Rehab	95,236
MidPen Housing - St. Stephens	1,400,985
Mid-Peninsula the Farm, Inc	1,786,466
Minto	9,611,465
Pacific Family Coach Acquisitions	110,140
Pacific Family-SCH	2,670,411
Pleasant Acres Coach Acquisitions	124,875
Pleasant Acres Permanent Financing	3,512,452
Property Tax Postponement Loans	46,039
San Andreas	700,000
SERAF Loan	2,245,594
South County Housing Corp	4,907,114
St Stephens Predevelopment	421,832
Vista Verde Family Housing	1,165,000
Total Housing Project Loans	43,939,942
Total Housing Fund Loans	$ 58,226,851

The St Stephens Predevelopment loan is an unsecured loan, which will be converted to loan secured by the deed of trust to the property upon commencement of development. The SERAF Loan is secured by a promissory note. All remaining loans are housing loans secured by deeds of trust on the properties.

NOTE 6 – LOANS RECEIVABLE (Continued)

B. Business-Type Financial Statements

The County had the following loans receivable as of June 30, 2014:

Non-Major Business-Type Fund:	
Septic tank maintenance CSA 12	$ 115,956
Total business-type loans receivable	$ 115,956

NOTE 7 – CAPITAL ASSETS

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2013 As Restated*	Additions	Retirements	Reclassifications	Balance June 30, 2014
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 50,122,478	$ -	$ -	$ 10,680,202	$ 60,802,680
Construction in progress	44,907,791	15,390,951	(1,168)	(41,837,382)	18,460,192
Total capital assets, not being depreciated	95,030,269	15,390,951	(1,168)	(31,157,180)	79,262,872
Capital assets, being depreciated:					
Infrastructure	582,889,300	13,264,631	-	-	596,153,931
Buildings	130,195,693	387,622	-	31,157,180	161,740,495
Machinery and equipment	45,596,208	2,547,510	(1,192,146)	-	46,951,572
Total capital assets, being depreciated	758,681,201	16,199,763	(1,192,146)	31,157,180	804,845,998
Less accumulated depreciation for:					
Infrastructure	(236,737,504)	(12,710,715)	-	-	(249,448,219)
Buildings	(72,480,377)	(4,627,887)	-	-	(77,108,264)
Machinery and equipment	(40,151,275)	(2,367,221)	1,170,496	-	(41,348,000)
Total accumulated depreciation	(349,369,156)	(19,705,823)	1,170,496	-	(367,904,483)
Total capital assets, being depreciated, net	409,312,045	(3,506,060)	(21,650)	31,157,180	436,941,515
Governmental Activities Capital Assets, Net	$ 504,342,314	$ 11,884,891	$ (22,818)	$ -	$ 516,204,387

*An $8 million adjustment to infrastructure was made to correct prior year costs that were misclassified (Note 22).

NOTE 7 – CAPITAL ASSETS (Continued)

A. Government-Wide Financial Statements (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	Total
General government	$ 1,353,537
Public protection	2,240,206
Public ways and facilities	12,274,165
Health and sanitation	874,341
Public assistance	737,784
Education	218,098
Recreation and cultural services	787,164
Subtotal	18,485,295
Capital assets held by the County's internal services funds are charged to the various functions based on their usage of the assets	1,220,528
Total	$ 19,705,823

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2013	Additions	Retirements	Reclassifications	Balance June 30, 2014
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	$ 1,858,849	$ -	$ -	$ -	$ 1,858,849
Construction in progress	1,223,856	662,218	-	(1,621,556)	264,518
Total capital assets, not being depreciated	3,082,705	662,218	-	(1,621,556)	2,123,367
Capital assets, being depreciated:					
Buildings	42,798,919	1	-	1,621,556	44,420,476
Machinery and equipment	10,320,951	62,895	-	-	10,383,846
Total capital assets, being depreciated	53,119,870	62,896	-	1,621,556	54,804,322
Less accumulated depreciation for:					
Buildings	(21,091,040)	(1,540,312)	-	-	(22,631,352)
Machinery and equipment	(9,787,378)	(204,160)	-	-	(9,991,538)
Total accumulated depreciation	(30,878,418)	(1,744,472)	-	-	(32,622,890)
Total capital assets, being depreciated, net	22,241,452	(1,681,576)	-	1,621,556	22,181,432
Business-Type Activities Capital Assets, Net	$ 25,324,157	$ (1,019,358)	$ -	$ -	$ 24,304,799

NOTE 7 – CAPITAL ASSETS (Continued)

A. Government-Wide Financial Statements (Continued)

Depreciation expense was charged to business-type functions as follows:

Business-Type Activities	Total
County Disposal Sites CSA 9C	$ 1,270,087
Boulder Creek CSA 7	67,946
Rolling Woods CSA 10	9,320
Septic Tank Maintenance CSA 12	3,161
Freedom County Sanitation District	187,442
Davenport Sanitation District	165,391
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	34,917
Trestle Beach CSA 20	666
Total	$ 1,744,472

B. Component Unit – Santa Cruz County Sanitation District (The District)

	Balance July 1, 2013	Additions	Deletions	Reclassifications	Balance June 30, 2014
Nondepreciable assets:					
Construction in progress	$ 10,779,667	$ 2,604,140	$ (459,915)	$ (5,894,475)	$ 7,029,417
Total nondepreciable assets	10,779,667	2,604,140	(459,915)	(5,894,475)	7,029,417
Depreciable assets:					
Pumping stations	41,131,129	129,096	(55,306)	881,229	42,086,148
Transmission systems	95,510,615	1,627,165	(378,699)	5,013,246	101,772,327
Sewage treatment capacity rights	35,148,509	-	-	-	35,148,509
Mobile equipment	3,587,296	111,628	(32,827)	-	3,666,097
Other equipment	2,633,096	44,593	(282,872)	-	2,394,817
Total depreciable assets	178,010,645	1,912,482	(749,704)	5,894,475	185,067,898
Accumulated depreciation:					
Pumping stations	(20,113,867)	(914,326)	55,306	-	(20,972,887)
Transmission systems	(32,846,186)	(2,241,145)	-	-	(35,087,331)
Sewage treatment capacity rights	(12,138,973)	(949,587)	-	-	(13,088,560)
Mobile equipment	(2,644,059)	(191,497)	32,827	-	(2,802,729)
Other equipment	(1,836,966)	(135,956)	282,871	-	(1,690,051)
Total accumulated depreciation	(69,580,051)	(4,432,511)	371,004	-	(73,641,558)
Depreciable assets, net	108,430,594	(2,520,029)	(378,700)	5,894,475	111,426,340
Total capital assets, net	$ 119,210,261	$ 84,111	$ (838,615)	$ -	$ 118,455,757

Depreciation expense for the District at June 30, 2014, is $4,432,511.

NOTE 8 – SHORT-TERM DEBT – TAX AND REVENUE ANTICIPATION NOTES

The County issues tax and revenue anticipation notes annually to meet current expenses, capital expenditures, and other obligations or indebtedness until sufficient taxes or revenues are collected to fund the County's operations.

Tax and revenue anticipation notes payable debt activity for the year ended June 30, 2014, was as follows:

Fiscal Year	Interest Rate	Beginning Balance	Additions	Deletions	Accrued Interest	Ending Balance
2013	2.0%	$ 33,658,167	$ 50,000,000	$ (33,658,167)	$ 997,222	$ 50,997,222
2014	1.0%	$ 50,997,222	$ 50,000,000	$ (50,997,222)	$ 997,222	$ 50,997,222

NOTE 9 – LEASES

A. Operating Leases

The County has entered into certain operating leases as lessee. Total expenditures for these operating leases for the fiscal year ended June 30, 2014, were $2,203,895.

As of June 30, 2014, the County has future minimum operating lease payments with a remaining term in excess of one year as follows:

Year Ending June 30,	Governmental Activities
2015	$ 1,651,837
2016	1,527,362
2017	1,328,954
2018	1,321,376
2019	1,211,465
2020-2024	3,388,436
2025-2029	260,418
2030-2034	294,639
2035-2039	333,357
2040-2044	377,163
2045-2049	426,725
2050-2054	482,800
2055-2059	546,244
2060	117,577
	$ 13,268,353

NOTE 9 – LEASES (Continued)

B. Capital Leases

The County has entered into certain capital lease agreements under which the related equipment, computers, vehicles, and furniture become the property of the County. The leased assets are presented as components of capital assets and the lease liabilities are presented as components of long-term debt.

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2014
Government-Wide Activities		
Governmental Activities:		
Energy efficient infrastructure	3.62%	$ 4,626,621
Elections Equipment	6.82%	206,950
Parks, Open Space, and Cultural Services - Mower	4.34%	44,319
Treasurer's check remittance - processor	4.24%	33,441
Copy machines	12.54%	165,393
Subtotal Governmental Activities		5,076,724
Internal Service Fund Activities:		
Central duplicating-copy machine	6.70%	1,466
Public Works copy machines	12.54%	17,489
Subtotal Internal Service Fund Activities		18,955
Total government-wide capital lease obligations		$ 5,095,679
Business-Type Activities		
Enterprise Fund Activities:		
County Disposal Sites CSA 9C Copy Machines	12.54%	$ 1,860
Total business-type capital lease obligations		$ 1,860

Equipment, computers, vehicles, furniture, and accumulated amortization under capital lease are as follows:

	Governmental Activities	Business-Type Activities
Equipment, computers, furniture, and vehicles	$ 937,999	$ 4,366
Structures and improvements	6,041,400	-
Total assets under capital lease	6,979,399	4,366
Less: accumulated depreciation	(1,759,730)	(3,639)
Net	$ 5,219,669	$ 727

NOTE 9 – LEASES (Continued)

B. Capital Leases (Continued)

As of June 30, 2014, capital lease annual amortization is as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2015	$ 631,854	$ 1,361
2016	597,207	680
2017	557,845	-
2018	534,362	-
2019	449,250	-
2020-2024	2,246,251	-
2025-2027	1,347,754	-
Total Requirements	6,364,523	2,041
Less: Interest	(1,268,844)	(181)
Present Value of Remaining Requirements	$ 5,095,679	$ 1,860

NOTE 10 – LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the year ended June 30, 2014:

	Balance July 1, 2013	Debt Issued	Debt Retired or Transferred Out	Balance June 30, 2014	Due in One Year	Due in More Than One Year
Governmental Activities Debt:						
1996 Refunding Certificates of Participation	$ 16,365,000	$ -	$ (815,000)	$ 15,550,000	$ 860,000	$ 14,690,000
2002 Refunding Certificates of Participation	2,020,000	-	(60,000)	1,960,000	65,000	1,895,000
2002 Unamortized bond premium	82,047	-	(4,208)	77,839	4,208	73,631
Subtotal	2,102,047	-	(64,208)	2,037,839	69,208	1,968,631
2005 Refunding Certificates of Participation	6,100,000	-	(635,000)	5,465,000	660,000	4,805,000
2005 Unamortized bond discount	(32,538)	-	4,339	(28,199)	(4,339)	(23,860)
Subtotal	6,067,462	-	(630,661)	5,436,801	655,661	4,781,140
2001B Lease Revenue Bonds	6,450,000	-	(6,450,000)	-	-	-
1999 Local Agency Revenue Bonds	225,000	-	(30,000)	195,000	30,000	165,000
2004 Certificates of Participation	15,205,000	-	(1,110,000)	14,095,000	1,150,000	12,945,000
2004 Unamortized bond premium	15,057	-	(1,369)	13,688	1,369	12,319
Subtotal	15,220,057	-	(1,111,369)	14,108,688	1,151,369	12,957,319
2006 Certificates of Participation	7,055,000	-	(370,000)	6,685,000	385,000	6,300,000
2006 Unamortized bond discount	(49,113)	-	2,090	(47,023)	(2,090)	(44,933)
Subtotal	7,005,887	-	(367,910)	6,637,977	382,910	6,255,067
2008 Certificates of Participation	3,380,000	-	(340,000)	3,040,000	350,000	2,690,000
2008 Unamortized bond premium	71,572	-	(6,816)	64,756	6,816	57,940
Subtotal	3,451,572	-	(346,816)	3,104,756	356,816	2,747,940
2011 Certificates of Participation	5,605,000	-	(145,000)	5,460,000	150,000	5,310,000
2011 Unamortized bond discount	(4,316)	-	188	(4,128)	(188)	(3,940)
Subtotal	5,600,684	-	(144,812)	5,455,872	149,812	5,306,060
2012 Lease Revenue Refunding Bond, Series A	1,829,905	-	(61,789)	1,768,116	61,789	1,706,327
2012 Unamortized bond discount	(17,626)	-	839	(16,787)	(839)	(15,948)
Subtotal	1,812,279	-	(60,950)	1,751,329	60,950	1,690,379
2014 Refunding Certificates of Participation	-	6,285,000	-	6,285,000	280,000	6,005,000
2014 Unamortized bond premium	-	297,707	-	297,707	16,539	281,168
Subtotal	-	6,582,707	-	6,582,707	296,539	6,286,168
2014 Lease Revenue Bonds	-	11,810,000	-	11,810,000	-	11,810,000
2014 Unamortized bond premium	-	514,514	-	514,514	-	514,514
Subtotal	-	12,324,514	-	12,324,514	-	12,324,514
California Energy Resources Conservation and Development Commission	172,837	-	(34,784)	138,053	39,597	98,456
McGaffigan Mill Road Homeowner's Association	657	-	(657)	-	-	-
City of Scotts Valley Writ of Mandate	1,450,147	-	(725,073)	725,074	725,074	-
Subtotal bonds and loans payable	65,923,629	18,907,221	(10,782,240)	74,048,610	4,777,936	69,270,674
Other Postemployment Benefits Liability	95,416,647	7,326,833	-	102,743,480	-	102,743,480
Compensated absences	21,661,790	15,965,772	(15,517,395)	22,110,167	15,838,589	6,271,578
Capital leases	5,075,046	424,824	(423,146)	5,076,724	438,696	4,638,028
Total governmental activities	$ 188,077,112	$ 42,624,650	$ (26,722,781)	$ 203,978,981	$ 21,055,221	$ 182,923,760

NOTE 10 – LONG-TERM DEBT (Continued)

	Balance July 1, 2013	Debt Issued	Debt Retired	Balance June 30, 2014	Due in One Year	Due in More Than One Year
Governmental Activities Debt, Continued:						
Internal Service Funds						
Compensated absences	$ 4,411,787	$ 2,937,376	$ (2,955,374)	$ 4,393,789	$ 2,948,500	$ 1,445,289
Estimated claims	46,752,428	10,611,609	(10,380,014)	46,984,023	8,233,122	38,750,901
Capital leases	15,542	14,979	(11,566)	18,955	7,438	11,517
Total Internal Service Funds	$ 51,179,757	$ 13,563,964	$ (13,346,954)	$ 51,396,767	$ 11,189,060	$ 40,207,707
Total Government-Wide Activities						
Compensated absences	$ 26,073,577	$ 18,903,148	$ (18,472,769)	$ 26,503,956	$ 18,787,089	$ 7,716,867
Estimated claims	46,752,428	10,611,609	(10,380,014)	46,984,023	8,233,122	38,750,901
Other long-term liabilities:						
Bonds and loans payable	65,923,629	18,907,221	(10,782,240)	74,048,610	4,777,936	69,270,674
Capital leases	5,090,588	439,803	(434,712)	5,095,679	446,134	4,649,545
Subtotal other long-term liabilities	71,014,217	19,347,024	(11,216,952)	79,144,289	5,224,070	73,920,219
OPEB liability	95,416,647	7,326,833	-	102,743,480	-	102,743,480
Total Government-Wide Activities	$ 239,256,869	$ 56,188,614	$ (40,069,735)	$ 255,375,748	$ 32,244,281	$ 223,131,467
Business-Type Activities						
Enterprise Funds						
Loans payable						
Septic Tank Maintenance CSA 12	$ 232,748	$ -	$ (11,916)	$ 220,832	$ 12,226	$ 208,606
Davenport Sanitation	297,910	-	(28,401)	269,509	29,150	240,359
Total Loans Payable	530,658	-	(40,317)	490,341	41,376	448,965
Postclosure Liability						
Enterprise Fund - County Disposal Sites CSA 9	6,110,443	-	(510,926)	5,599,517	-	5,599,517
Capital Leases	2,951	-	(1,091)	1,860	1,207	653
Total Business-Type Activities	$ 6,644,052	$ -	$ (552,334)	$ 6,091,718	$ 42,583	$ 6,049,135
Component Unit - Santa Cruz County Sanitation District						
2005 Wastewater Revenue Refunding Bonds	$ 4,710,000	$ -	$ (800,000)	$ 3,910,000	$ 840,000	$ 3,070,000
2005 Unamortized bond premium	23,370	-	(2,235)	21,135	2,235	18,900
2004 Limited Obligation Refunding Improvement Bonds	475,000	-	(70,000)	405,000	75,000	330,000
2009 State Water Resource Control Board Loan	7,527,658	4,350,138	(534,150)	11,343,646	506,722	10,836,924
Loans payable	8,748,007	-	(1,215,050)	7,532,957	1,444,657	6,088,300
Total Component Unit	$ 21,484,035	$ 4,350,138	$ (2,621,435)	$ 23,212,738	$ 2,868,614	$ 20,344,124

NOTE 10 – LONG-TERM DEBT (Continued)

Descriptions of the long-term liabilities at June 30, 2014, are as follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2014
Governmental Activities:					
Financing Authorities					
Refunding Certificates of Participation					
1996 Issue (financed construction of the County Emeline Avenue Health Services building and an infirmary in the County Medium Security Detention Facility)					
Collateral: HSA Building/Jail Infirmary					
Serial certificates	9/1/97-9/1/26	4.00-5.65%	$190,000-$1,065,000	$ 20,955,000	$ 11,650,000
Term bonds	3/1/21-9/1/23	5.60%	$1,230,000-$1,370,000	3,900,000	3,900,000
				Total 1996 Issue	15,550,000
2002 Issue (refinanced road improvements, a detention facility, a library, equipment, purchase of parkland, construction of a transfer station, and financed an animal services authority facility)					
Collateral: Polo Grounds Park/Ben Lomond Transfer Station					
Serial certificates	8/1/03-8/1/22	4.00-5.25%	$50,000-$730,000	$ 4,380,000	700,000
Term bonds	8/1/23-8/1/32	5.25%	$100,000-$155,000	1,260,000	1,260,000
Unamortized bond premium				126,230	77,839
				Total 2002 Issue	2,037,839
2005 Issue (defeased 1995A Lease Revenue Refunding Bonds and financed construction of and improvements to the Santa Cruz County Water Street and Rountree Lane detention facility)					
Collateral: Water Street Detention Facility/Rountree Lane Detention Facility					
Serial certificates	8/1/05-8/1/20	2.75-4.25%	$500,000-$910,000	$ 10,580,000	5,465,000
Unamortized bond discount				(67,249)	(28,199)
				Total 2005 Issue	5,436,801
2014 Issue (defeased 2001 Series B Lease Revenue Bonds and refinanced existing leases)					
Collateral: Water Street Detention Facility/Blaine Street Women's Detention Facility					
Serial certificates	8/1/05-8/1/20	3.00-4.25%	$280,000-$485,000	$ 6,285,000	6,285,000
Unamortized bond premium				297,707	297,707
				Total 2014 Issue	6,582,707
				Total Refunding Certificates of Participation	29,260,000
				Net Premiums/(Discounts)	347,347
				Total including Premiums (Discounts)	$ 29,607,347
Lease Revenue Bonds					
2014 Lease Revenue Bonds (financed capital improvements including financial system and additional module at County's Buena Vista sanitary landfill)					
Collateral: Behavior Health Center and Buena Vista Gatehouse					
Serial bonds	8/1/15-8/1/34	3.00-5.00%	$395,000-$840,000	$ 11,810,000	$ 11,810,000
Unamortized bond premium				514,514	514,514
				Total Lease Revenue Bonds	$ 12,324,514
Lease Revenue Refunding Bonds					
2012 Series A (refinanced construction and equipment costs for the Santa Cruz County Consolidated Emergency Communications Center)					
Collateral: Santa Cruz County Regional 911 Center					
Serial bonds	6/15/13-6/15/30	2.00-5.00%	$115,000-$225,000	$ 1,402,135	$ 1,285,686
Term Bonds	6/15/31-6/15/34	5.00%		482,430	482,430
Unamortized bond discount				(18,465)	(16,787)
				Total Lease Revenue Refunding Bonds	$ 1,751,329

NOTE 10 – LONG-TERM DEBT (Continued)

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2014
Governmental Activities, Continued:					
Financing Authorities, Continued					
Local Agency Revenue Bonds					
1999 Issue (defeased 1992 Place de Mer and 1993 Sand Dollar Beach Districts and financed construction of the Sunset Beach Water Main Extension Project)					
Local obligation bonds	9/2/00-9/2/19	4.00-5.50%	$20,000-$85,000	$ 895,000	$ 195,000
Certificates of Participation					
2004 Series Issue (financed payments due for settlement of lawsuits arising from damage to property caused by flooding of the Pajaro River)					
Collateral: County Administrative Offices/County Court Building					
Serial certificates	6/1/05-6/1/24	2.25-5.00%	$525,000-$1,720,000	$ 23,000,000	$ 14,095,000
Unamortized bond premium				27,378	13,688
				Total 2004 Issue	14,108,688
2006 Series Issue (financed improvements to Watsonville Courthouse and Buena Vista Landfill)					
Collateral: Water Street Detention Facility/Rountree Lane Detention Facility					
Serial certificates	8/1/07-8/1/28	3.50-4.625%	$180,000-$410,000	$ 6,225,000	3,910,000
Term certificates	8/1/29-8/1/32	4.50%		1,265,000	1,265,000
Term certificates	8/1/33-8/1/36	4.625%		1,510,000	1,510,000
Unamortized bond discount				(62,698)	(47,023)
				Total 2006 Issue	6,637,977
2008 Series Issue (finance purchase of computer software systems for various County departments)					
Collateral: Water Street Detention Facility/Rountree Lane Detention Facility					
Serial certificates	8/1/09-8/1/23	3.00-4.30%	$215,000-$405,000	$ 4,625,000	3,040,000
Unamortized bond premium				102,244	64,756
				Total 2008 Issue	3,104,756
2011 Series Issue (financed improvements to Veteran's Building and Main Jail roof)					
Collateral: HSD Application Center					
Serial certificates	8/1/12-8/1/21	2.00-4.00%	$145,000-$340,000	$ 1,495,000	1,350,000
Term certificates	8/1/22-8/1/26	4.25%		1,080,000	1,080,000
Term certificates	8/1/27-8/1/31	4.625%		1,340,000	1,340,000
Term certificates	8/1/32-8/1/36	5.000%		1,690,000	1,690,000
Unamortized bond discount				(4,692)	(4,128)
				Total 2011 Issue	5,455,872
				Total Certificates of Participation	29,280,000
				Net Premiums/(Discounts)	27,293
				Total including Premiums (Discounts)	$ 29,307,293

NOTE 10 – LONG-TERM DEBT (Continued)

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2014
Governmental Activities, Continued:					
Capital leases					
Energy efficient infrastructure	2008 - 2027	3.62%	$135,989 - $220,635	$ 5,989,594	$ 4,626,621
Elections equipment	2014 - 2017	6.82%	$47,874 - $56,225	263,175	206,950
Parks, Open Space, and Cultural Services					
Mower	2013 - 2018	4.34%	$11,796 - $12,307	56,626	44,319
Treasurer's - check remittance processor	2011 - 2016	4.24%	$4,033 - $18,806	89,348	33,441
Copy machines	2011 - 2016	6.70% - 12.54%	$1,464 - $48,812	211,672	184,348
				Total leases	5,095,679
Other debt					
California Energy Resources Conservation and Development Commission					138,053
City of Scotts Valley Writ of Mandate					725,074
				Total other debt	863,127
			Total Governmental Activities		**$ 79,144,289**
Business-Type Activities:					
Enterprise Fund - Davenport Sanitation District					
California State Department of Water Resources (upgrade existing water facilities)	1/1/88-1/1/22	2.5%	$4,550-$10,575	$ 250,000	$ 77,466
California Technology, Trade, and Commerce Agency (fund sanitation system improvements)	2/28/95-7/1/25	2.75%	$3,550-$4,817	310,691	138,942
California State Water Resources Control Board - revolving loan (fund sewer reconstruction project)	5/31/01-5/31/20	2.60%	$5,940-$9,429	151,547	53,101
Enterprise Fund - Septic Tank Maintenance CSA 12					
California State Water Resources Control Board	4/23/2010-4/23/2029	2.60%	$10,753-$17,512	277,467	220,832
				Total Loans	490,341
Landfill postclosure					5,599,517
Capital leases	2012-2016	12.50%	$682-$1,364	4,377	1,860
			Total Business-Type Activities		**$ 6,091,718**

NOTE 10 – LONG-TERM DEBT (Continued)

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Payments	Original Issue	Outstanding at June 30, 2014
Component Unit - Santa Cruz County Sanitation District (the District)					
2005 Wastewater Revenue Refunding Bonds (financed the District's share of the improvements to the City of Santa Cruz sewer treatment facility)					
Serial bonds	9/1/05-9/1/19	2.80-5.0%	$140,000-$940,000	$ 9,335,000	$ 3,910,000
Unamortized bond premium				41,252	21,135
					3,931,135
2004 Issue Limited Obligation Refunding Improvement Bonds - Freedom Boulevard Sewer Assessment District (financed construction of sewer facility)					
Serial bonds	9/2/05-9/2/18	1.85-5.25%	$55,000-$90,000	$ 950,000	405,000
Loans payable - City of Santa Cruz (construct treatment plant expansion)	2000-2019	2.80%	$928,354-$1,564,248	24,330,576	7,532,957
2009 State Water Resources Control Board Loan	2013-2032	2.50%	$630,445-$959,296	8,116,120	11,343,646
Total Component Unit					$ 23,212,738

A. Governmental Activities

At June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows:

Financing Authorities

	Refunding Certificates of Participation		Lease Revenue Bonds		Lease Revenue Refunding Bonds	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 1,865,000	$ 1,360,790	$ -	$ 336,331	$ 61,789	$ 73,282
2016	1,920,000	1,326,836	395,000	476,463	64,166	71,969
2017	2,015,000	1,236,088	410,000	462,338	66,542	70,365
2018	2,125,000	1,138,449	420,000	445,738	66,542	68,535
2019	2,225,000	1,034,796	440,000	428,538	68,919	66,539
2020-2024	9,995,000	3,555,839	2,485,000	1,841,613	382,617	296,082
2025-2029	7,135,000	1,129,841	3,060,000	1,264,525	468,171	211,226
2030-2034	1,980,000	152,041	3,760,000	555,131	589,370	91,109
2033-2039	-	-	840,000	16,800	-	-
Total	$ 29,260,000	$ 10,934,680	$ 11,810,000	$ 5,827,477	$ 1,768,116	$ 949,107

	Local Agency Revenue Bonds		Certificates of Participation	
Year Ending June 30,	Principal	Interest	Principal	Interest
2015	$ 30,000	$ 9,893	$ 2,035,000	$ 1,295,858
2016	30,000	8,250	2,110,000	1,214,018
2017	30,000	6,600	2,185,000	1,125,073
2018	35,000	4,813	2,040,000	1,036,678
2019	35,000	2,888	2,120,000	948,053
2020-2024	35,000	963	11,015,000	3,324,194
2025-2029	-	-	2,470,000	1,537,353
2030-2034	-	-	3,085,000	909,378
2035-2039	-	-	2,220,000	163,353
Total	$ 195,000	$ 33,407	$ 29,280,000	$ 11,553,958

NOTE 10 – LONG-TERM DEBT (Continued)

A. Governmental Activities (Continued)

Financing Authorities (Continued)

The Refunding Certificates of Participation, Lease Revenue Refunding Bonds, Certificates of Participation, and Lease Revenue Bonds retirements and related interest payments are paid from revenues from the General Fund. The Local Agency Revenue Bonds retirements and related interest payments are paid from revenues generated from property owners' assessments.

Defeasance of Bonds

On March 20, 2014, the County of Santa Cruz Financing Authorities issued $6,285,000 2014 Refunding Certificates of Participation, with interest rates ranging from 3.00% to 5.00%. The proceeds of the bonds were used to (i) refund $6,285,000 of the outstanding 2001 Lease Revenue Bonds, Series B (ii) refinance existing leases, (iii) fund a reserve for the certificates and (iv) pay the costs incurred in connection with the execution and delivery of the certificates. The redemption premium in the amount of $297,707 is being amortized as a deferred debit over the remaining life of the current debt.

As a result of the advanced refunding, the County Financing Authorities decreased its total debt service payments by $197,348, resulting in an economic gain of $146,019.

McGaffigan Mill Road Association

Year Ending June 30,	Principal	Interest
2014	$ 657	$ 3
Total	$ 657	$ 3

In September 2005, the County entered into a loan agreement with McGaffigan Mill Road Association in the amount of $232,101. The loan bears an annual interest rate of 7.48% due in monthly installments and matures on July 1, 2014. For the current year, principal and interest paid on the loan was $660. The outstanding balance of the loan is $0.

Energy Resources Conservation and Development Commission

In December 2012, the County entered into a loan agreement with the Energy Resources Conservation and Development Commission in the amount of $172,837. The loan bears annual interest rate of 3% due semi-annually and matures on December 22, 2017. For the current year, principal and interest paid on the loan was $34,784. The outstanding balance of the loan is $138,053.

B. Business-Type Activities

At June 30, 2014, annual debt service requirements for loans payable of business-type activities to maturity are as follows:

	Loans Payable	
Year Ending June 30,	Principal	Interest
2015	$ 41,376	$ 10,590
2016	42,463	9,625
2017	43,578	8,634
2018	44,724	7,618
2019	45,899	6,575
2020-2024	186,112	18,048
2025-2029	86,189	4,104
Total	$ 490,341	$ 65,194

Loans payable principal and interest are paid from various enterprise fund revenues.

NOTE 10 – LONG-TERM DEBT (Continued)

C. Component Unit

At June 30, 2014, annual debt service requirements of the District to maturity are as follows:

Year Ending June 30,	2005 Wastewater Revenue Refunding Bonds		2004 Limited Obligation Refunding Improvement Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 840,000	$ 160,000	$ 75,000	$ 18,599	$ 1,951,379	$ 414,781
2016	890,000	125,400	75,000	14,980	2,003,738	362,422
2017	940,000	84,100	80,000	11,123	2,040,566	325,593
2018	535,000	47,225	85,000	6,914	2,078,103	288,056
2019	565,000	19,725	90,000	2,363	2,122,666	243,494
2020-2024	140,000	2,800	-	-	3,013,500	938,063
2025-2029	-	-	-	-	3,409,499	542,065
2030-2034	-	-	-	-	2,257,152	113,786
Total	$ 3,910,000	$ 439,250	$ 405,000	$ 53,979	$ 18,876,603	$ 3,228,260

During 2005, the District issued $9,335,000 of 2005 Wastewater Revenue Refunding Bonds which refunded the 1977 Sewer Revenue Bonds, Series A, and the 1994 Certificates of Participation issued for the wastewater treatment plant. The bonds are obligations of the District, and are payable from and secured by a pledge of net revenues.

During 2004, the District issued Limited Obligation Refunding Improvement Bonds to refinance the 1994 Freedom Boulevard Sewer Special Assessment bonds, pay costs related to the issuance of the bonds, and to make a deposit to a Reserve Fund.

Loans Payable

The City of Santa Cruz loan represents 47% of a State Water Resources Control Board loan with the City of Santa Cruz for which the District has an agreement to participate in the repayment. The total loan proceeds made available in fiscal year 1998-1999 was approximately $48 million, of which the District's share was 47% or approximately $24.37 million in original principal amount. These funds were used to construct the treatment plant expansion of which the District has capacity rights.

During 2009, the District entered into a Project Finance Agreement (Agreement) with the State Water Resources Control Board (SWRCB) to finance the Aptos Transmission Main Relocation Project. Under this Agreement, the SWRCB has agreed to loan the District a total of $16,725,699. As of June 30, 2014, the District has received a total of $11,981,910 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 2.5%.

D. Legal Debt Limit

The County's legal annual debt service limit as of June 30, 2014, is $449,954,543. The County's legal debt service limit is 1.25% of the total full cash valuation of all real and personal property within the County.

E. Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The County has hired a consultant to perform calculations of excess investment earnings on various bonds and financings, and it is anticipated that the County will be determined to be in compliance with arbitrage regulations.

NOTE 11 – PLEDGE OF FUTURE REVENUES

2014 Lease Revenue Bonds

The bonds are payable from and secured by a pledge of revenues and certain funds and accounts established and held by the Trustee under the Indenture. Revenues, as defined in the Indenture, means (i) all lease payments and other amounts paid, or caused to be paid, by the County, and received by the Financing Authorities pursuant to the Lease Agreement (but not additional payments), and (ii) all interest or other income from any investment of any money in any fund or account established pursuant to the Indenture (other than the Rebate Fund) to repay $11,810,000 in lease revenue bonds issued during April 2014. Proceeds from the bonds provided funds to finance capital improvements, including the County's new financial management system software and an additional module at the County's Buena Vista sanitary landfill, to fund capitalized interest for a portion of the bonds, to satisfy the Reserve Requirement for the bonds, and to pay the costs of issuance of the bonds. Annual principal and interest payments on the bonds continue through 2034. Total principal and interest paid for the current year were $0.

2012A Lease Revenue Refunding Bonds

The revenues of the Santa Cruz Regional 911 (Regional 911) were pledged to repay $3,965,000 in lease revenue refunding bonds issued in May 2012. The Regional 911 was formed in a Joint Powers Authority Agreement with the cities of Santa Cruz, Watsonville, and Capitola and the County. Proceeds from the bonds provided funds to refinance an existing lease and to fund equipment purchases. The bonds were payable from use payments paid to the Regional 911 by the different governmental agencies. Annual principal and interest payments on the bonds continue through 2034 and are expected to require less than 12 percent of revenues. The total principal and interest remaining to be paid on the bonds is $5,716,863. Pursuant to the Joint Powers Authority Agreement, the County is responsible for 47.53% of the total liability, or $2,717,225. Total principal and interest paid for the current year and total customer revenues were $290,727 and $5,898,725, respectively. The County paid $138,183 of the current year principal and interest.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE COSTS

The County operates the Buena Vista Landfill for the disposal of municipal waste and a transfer station at the site of the closed Ben Lomond Landfill. State and Federal laws and regulations, including the California Integrated Waste Management Board Title 14, California State Water Resources Control Board Title 23, and the Environmental Protection Agency Subtitle D of the Codified Federal Regulations 40, require the County to place a final cover on its landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on the County landfill's capacity used as of June 30 of each year.

As of June 30, 2014, a liability for closure and postclosure maintenance in the amount of $5,599,517 is reflected in the County Disposal Sites Enterprise Fund based upon landfill capacity used to date. As of June 30, 2014, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 58.99% of capacity with an estimated remaining useful life of 20 years. The Ben Lomond Landfill was closed during 1989 and the closure and postclosure care costs have been fully paid. The County will recognize the remaining estimated cost of closure and postclosure maintenance of $3,895,161 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The estimates will also be adjusted annually for inflation or deflation, in accordance with State guidelines.

NOTE 12 – LANDFILL CLOSURE AND POSTCLOSURE COSTS (Continued)

The County is required by State and Federal laws and regulations to make annual contributions to a fund to finance closure and postclosure maintenance. The County is in compliance with these requirements, and at June 30, 2014, cash of $5,824,940 is held for this purpose, reported as restricted assets on the Statement of Net Position. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws and regulations, for example), these costs may need to be covered by charges to future landfill users.

Postclosure maintenance for both the Buena Vista and closed Ben Lomond Landfills are provided for through a "Pledge of Revenue." The Board adopted resolutions pledging future County Disposal Sites CSA 9C's revenues annually through the prescribed postclosure maintenance period. An initial postclosure cost was estimated at the time of adoption of the Pledge of Revenue resolutions and is adjusted for inflation on an annual basis.

NOTE 13 – DEFICIT NET POSITION AND FUND BALANCES

Individual non-major special revenue fund and proprietary fund deficit net position at June 30, 2014, were as follows:

Individual proprietary fund deficit net position at June 30, 2014, were as follows:

Internal Service Funds:	
Self-Insurance – Liability and Property	$ 2,298,452
Self-Insurance – Workers' Compensation	23,588,545

The Liability and Property Fund and Workers' Compensation Fund had deficit net positions of $2,298,452 and $23,588,545, respectively, related to the losses payable for claims and the inclusion of estimates for incurred but not reported (IBNR) claims. Management anticipates that the County will have sufficient funds to pay annual requirements. These funds will normally show up as deficits since the County is set up on a pay-as-you go program.

NOTE 14 – DEFINED BENEFIT PENSION PLAN

A. Plan Description

The County contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and County ordinance. Copies of CalPERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

B. Funding Policy

Active plan members are required by State statute to contribute 7% and 9% of annual covered salary for miscellaneous and safety employees, respectively. The County makes the contributions required of County employees on their behalf and for their account for Service Employees International Union employees only; other employees pay their own contributions. The County was required to contribute for fiscal year 2013-2014 at an actuarially determined rate of 15.099% for miscellaneous employees, 19.094% for safety employees, and 30.534% for safety sheriff employees. Separately funded plans have been established for each employee group. Benefit provisions and all other requirements are established by State statute and County contracts with employee bargaining groups. The contribution requirements of plan members and the County are established by CalPERS.

NOTE 14 – DEFINED BENEFIT PENSION PLAN (Continued)

C. Annual Pension Costs

The County's annual pension cost for the current year and two previous years was $36,462,580, $34,365,995, and $33,261,121, respectively. These were equal to the County's required and actual contributions. The 2013-2014 required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.3% to 14.20%, and (c) 3.00% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period. CalPERS unfunded actuarial accrued liabilities (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. All gains and losses are tracked and amortized over a rolling 30 year period for both miscellaneous and safety plans with the exception of special gains and losses in fiscal years 2008-2009, 2009-2010, and 2010-2011. Each of these years' gains and losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization).

THREE-YEAR TREND INFORMATION FOR CalPERS

	Miscellaneous			Safety		
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$ 24,723,167	100%	$ -	$ 3,863,194	100%	$ -
6/30/2013	25,235,435	100%	-	4,222,688	100%	-
6/30/2014	26,723,112	100%	-	4,455,188	100%	-

	Safety Sheriff			County Totals		
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	$ 4,674,760	100%	$ -	$ 33,261,121	100%	$ -
6/30/2013	4,907,872	100%	-	34,365,995	100%	-
6/30/2014	5,284,280	100%	-	36,462,580	100%	-

D. Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2012, the most recent actuarial valuation date:

	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
Miscellaneous	$ 756,567,058	$ 915,375,315	$ 158,808,257	82.7%	$ 134,308,272	118.2%
Safety	119,179,623	139,059,550	19,879,927	85.7%	15,751,689	126.2%
Safety Sheriff	87,538,086	119,721,273	32,183,187	73.1%	12,620,185	255.0%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 15 – POST-RETIREMENT HEALTH CARE BENEFITS

Plan Description. Employees of the County who retire through CalPERS, their spouse, and eligible dependents may receive health plan coverage through the Public Employees' Medical & Hospital Care Program Plan (Plan). The Plan is a defined benefit plan which provides the retirees a monthly medical contribution that is not to exceed the cost of the plan selected. The cost of the Plan to the County for each bargaining group will be determined through CalPERS' regulations and requirements. For the Physicians Bargaining Unit, the County contributes fixed dollar amounts that vary by coverage [($327.21 (single), $388.41 (2-party) and $454.49 (family) for 2014]. For other bargaining units, the County contributions are based on longevity schedules with fixed dollar scaling that varies by bargaining unit. The Plan does not issue a financial report.

***Eligibility*.** All of the County's employees became participants in accordance with the Memorandum of Understanding (MOU) as negotiated by each group or bargaining unit. In order to receive benefits, eligible employees must meet the minimum requirements defined in their MOU.

The Plan is eligible to plan members who retire directly from the County through CalPERS at age 50 with at least 5 years of service.

The numbers of participants in the Plan are as follows:

Participants as of January 1, 2014*	Total
Active employees	$ 2,084
Retirees	1,241
Total	$ 3,325

* Most recent information available.

Funding Policy. The contribution requirements for the County are established by a Memorandum of Understanding as negotiated by each group or bargaining unit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2014, the County contributed $4,681,209 to the Plan.

***Annual OPEB Cost and Net OPEB Obligation*.** The County's Annual Other Postemployment Benefits (OPEB) cost (expense) is calculated based on the *Annual Required Contribution of the Employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation to the Plan:

	Total
Annual required contribution	$ 12,884,000
Interest on net OPEB obligation	3,723,042
Amortization of net OPEB obligation	(4,599,000)
Annual OPEB cost (expense)	12,008,042
Contributions made	(4,681,209)
Increase in net OPEB obligation	7,326,833
Net OPEB obligation - beginning of year	95,416,647
Net OPEB obligation - end of year	$ 102,743,480

NOTE 15 – POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

The County's annual OPEB costs, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2014 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual Contribution	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	$ 11,254,000	$ 4,822,914	42.9%	$ 88,212,910
6/30/2013	11,795,166	4,591,534	38.9%	95,416,647
6/30/2014	12,008,042	4,681,209	39.0%	102,743,480

Funded Status and Funding Progress. As of January 1, 2014, the most recent actuarial valuation date, the Plan was zero percent funded. The Actuarial Accrued Liability for benefits was $145,013,000 and the actuarial value of assets was $0, resulting in an Unfunded Actuarial Accrued Liability (UAAL) of $145,013,000. The covered payroll (annual payroll of active employees covered by the Plan) was $153,879,000 and the ratio of UAAL to the covered payroll was 94.2%.

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 rate. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision 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 the financial statements, presents trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the Actuarial Accrued Liabilities for benefits.

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 the 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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial assumptions involve estimates and assumptions that extend far into the future. These assumptions are subject to future revisions as new facts become known.

In the January 1, 2014, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 4% investment rate of return which is based on the expected return on funds invested in County investments, and an annual healthcare cost trend of actual premiums initially and reduced to an ultimate rate of 5% thereafter. The actuarial assumption for inflation was 3%, and the aggregate payroll increases were 3.25%. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization as of June 30, 2014, was 26 years.

NOTE 15 – POST-RETIREMENT HEALTH CARE BENEFITS (Continued)

OTHER POSTEMPLOYMENT OBLIGATIONS

SCHEDULE OF FUNDING PROGRESS

The table below shows the analysis of the actuarial value of assets as a percentage of the actuarial accrual liability and the UAAL as a percentage of the annual covered payroll as of June 30, 2014. The schedule of funding progress presented as RSI following the notes to the financial statements presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
01/01/14	$ -	$ 145,013,000	$ 145,013,000	0.0%	$ 153,879,000	94.2%

NOTE 16 – DEFERRED COMPENSATION PLAN

The County offers all of its full-time employees a deferred compensation plan created in accordance with Section 457 of the Internal Revenue Code. The deferred compensation plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or emergency. Employees direct the investment of deferred compensation plan assets into certificates of deposits and various mutual funds. The County has insignificant administrative duties.

As of June 30, 2014, the deferred compensation plan's assets of $140,891,043 are not recorded in the County's financial statements as they are deposited with a third party administrator independent of the County.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. Construction Contracts

As of June 30, 2014, the County has construction contract commitments in the Department of Public Works (all funds types) and in Special Revenue and Capital Projects Funds in the amount of $1,565,151 and $5,471,088, respectively.

B. Litigation

There are several lawsuits and unresolved disputes involving the County or its employees in which the County is represented by the County Counsel. However, in the opinion of the County Counsel these actions will not, in the aggregate, have a material adverse effect upon the operations or financial position of the County.

C. Federal and State Grants

The County participates in a number of Federal and State grant programs subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, management does not believe that audit disallowances, if any, would have a significant effect on the financial position of the County.

NOTE 17 – COMMITMENTS AND CONTINGENCIES (Continued)

D. Medicare and Medi-Cal Reimbursements

The County's Medicare and Medi-Cal cost reports for certain prior years are in various stages of review by the third-party intermediaries and have not been settled as a result of certain unresolved reimbursement issues. The County believes that it has adequately provided for any potential liabilities which may arise from the intermediaries' review.

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed by the County as an extension of formal budgetary accounting in the General Fund, Housing Fund, Capital Projects Fund, and Non-Major Governmental Funds. Encumbrances still open at year-end are not accounted for as expenditures and liabilities but as part of committed fund balance for the General Fund and restricted fund balance for the other funds. At June 30, 2014, encumbrances totaled $6,080,043, $13,619,784, $13,895,259, and $7,910,295 for the General Fund, Housing Fund, Capital Projects Fund, and Non-Major Governmental Funds, respectively.

NOTE 18 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; medical malpractice; unemployment coverage; and dental benefits to employees. The County is self-insured for its general and auto liability, workers' compensation, property, and employees' dental coverage. The County has chosen to establish risk-financing internal service funds, where assets are set aside for claim settlements associated with the above risk of loss up to certain limits. Excess coverage is provided by the California State Association of Counties (CSAC) Excess Insurance Authority (Insurance Authority), a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The Insurance Authority is governed by a Board of Directors consisting of representatives of the member counties. Self-insurance limits per occurrence and Insurance Authority limits per year are as presented in the Statistical Section of this report.

Amounts in excess of these limits are self-insured. None of the insurance settlements over the past three years has exceeded the amount of insurance coverage. As of June 30, 2014, the workers' compensation liability limit per occurrence was $500,000.

The unpaid claims liability included in each of the Self-Insurance Internal Service Funds are based on the results of actuarial studies and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation; recent claim settlement trends, including frequency and amount of payouts; and other economic and social factors. It is the County's practice to obtain full actuarial studies bi-annually. Annual premiums are charged by each Self-Insurance Fund using various allocation methods which include actual costs, claims experience, and number of participants.

The change in the balance of claims liabilities during the fiscal year ended June 30, 2014, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2014	2013	2012
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	$ 46,752,428	$ 44,287,352	$ 36,861,428
Incurred claims and claim adjustment expenses	10,611,609	15,843,711	23,928,174
Claim payments	(10,380,014)	(13,378,635)	(16,502,250)
Unpaid claims and claim adjustment expenses, end of the fiscal year	$ 46,984,023	$ 46,752,428	$ 44,287,352

At June 30, 2014, the Self-Insurance Funds held a total of $24,741,276 in cash for the payment of these claims.

NOTE 18 – RISK MANAGEMENT (Continued)

A. Workers' Compensation

The Workers' Compensation self-insurance program is funded on a cash flow plus contingency reserve basis. The County is liable for the first $500,000 and carries catastrophic insurance coverage. At June 30, 2014, the estimated future liabilities were $34,675,274. As permitted by State and Federal guidelines, the Workers' Compensation program is funded on a pay-as-you-go basis. The funding is closely monitored to ensure that claims are paid when due or required by law.

B. Dental and Medical

On September 30, 1994, the County discontinued its medical self-insurance program. On January 5, 1991, the County established a self-insurance program to provide dental benefits. At June 30, 2014, the County had an estimated future liability of $146,374 for dental benefits. The County is fully insured for its alternative capitation dental program and for medical coverage for employees represented by Operating Engineers Union Local 3.

C. Liability and Property

The County has a self-insured retention of $1 million with excess insurance coverage for the general liability program. At June 30, 2014, the County had estimated future liabilities totaling $12,070,909 which included estimates for known claims and losses incurred but not reported (IBNR).

D. Unemployment Insurance

The Unemployment Insurance self-insurance program is considered a "reimbursable" program by the Employment Development Department (EDD), since EDD provides benefits and bills the County quarterly after the fact. As billings are always one quarter in arrears, the estimated future liabilities are based on 25% of the amount budgeted for the new fiscal year. At June 30, 2014, estimated future liabilities were $91,466.

NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS

In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the County is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as liabilities or, if appropriate, capitalized when goods and services are acquired if one of the following five specified obligating events occurs:

- The County is compelled to take pollution remediation action because of an imminent endangerment;
- The County violates a pollution prevention-related permit or license;
- The County is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party for remediation, or as a government responsible for sharing costs;
- The County is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation;
- The County commences or legally obligates itself to commence pollution remediation.

NOTE 19 – POLLUTION REMEDIATION OBLIGATIONS (Continued)

At June 30, 2014, the County identified the following site, within the District, which met one of the above obligating events:

Rio Del Mar Pump Station

The site was the former location of the District's Rio Del Mar Pump Station underground storage tank (UST) for diesel fuel. The UST was removed in 1996. However, levels of hydrocarbons have been detected at the site above acceptable levels. The District has contracted with a consultant for a corrective action plan, which has been approved. The estimated clean-up remaining as of June 30, 2014, was calculated by the consultant by extrapolating the total volume of diesel fuel present based on (1) the volume of diesel absorbed into the soil, (2) the volume of separate-phase, "free product" floating on the groundwater, and (3) the volume of dissolved diesel in the groundwater. The estimated volume of diesel fuel present was then used to calculate the amount of reactive oxidant needed to break down the remaining contamination. The estimated clean-up cost for the underground contamination and monitoring as of June 30, 2014, is approximately $6,465.

At June 30, 2014, the District has recorded a pollution remediation obligation in the amount of $6,465 on the Government-Wide Statement of Net Position and allocated the total amount to General Government on the Government-Wide Statement of Activities.

NOTE 20 – FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2014, is as follows:

	General Fund	Housing Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory, prepaids and imprest cash	$ 504,650	$ -	$ -	$ -	$ 504,650
Advances and loans	367,618	58,226,851	-	-	58,594,469
Assets held for resale	-	1,999,136	-	-	1,999,136
Total nonspendable fund balance	872,268	60,225,987	-	-	61,098,255
Restricted for:					
Purpose of fund	-	18,710,636	-	20,195,121	38,905,757
Debt service	2,000		-	3,440,535	3,442,535
Capital asset acquisition	-	-	14,514,775	12,593,887	27,108,662
Total restricted fund balance	2,000	18,710,636	14,514,775	36,229,543	69,456,954
Committed to:					
Natural disasters	1,251,089	-	-	-	1,251,089
Working capital	6,000,000	-	-	-	6,000,000
Economic uncertainty	8,290,001	-	-	-	8,290,001
General government	3,781,870	-	-	-	3,781,870
Public protection	1,218,346	-	-	-	1,218,346
Health and sanitation	43,682	-	-	-	43,682
Public assistance	1,040,786	-	-	-	1,040,786
Recreation and cultural services	1,359	-	-	-	1,359
Total committed fund balance	21,627,133	-	-	-	21,627,133
Assigned to:					
Federally qualified health program	14,229,750	-	-	-	14,229,750
Structural deficit	309,982	-	-	-	309,982
Eliminate projected budgetary deficit in subsequent year's budget	2,221,471	-	-	-	2,221,471
Liabilities	1,052,278	-	-	-	1,052,278
Human services	400,000	-	-	-	400,000
Total assigned fund balance	18,213,481	-	-	-	18,213,481
Unassigned Fund Balance	-	-	-	-	-
Total fund balances	$ 40,714,882	$ 78,936,623	$ 14,514,775	$ 36,229,543	$ 170,395,823

NOTE 21 – SUBSEQUENT EVENTS

On July 2, 2014, the County issued a Tax and Revenue Anticipation Note at 1.00% in the amount of $50,000,000. Tax and Revenue Anticipation Notes are issued annually as part of a cash management policy to maintain the County's working capital until sufficient taxes or revenues are collected to fund the County's operations. The note is due in one payment of $50,000,000 on July 1, 2015, and is payable from taxes, income, revenues, cash receipts, and other moneys which are received by the County for the General Fund attributable to fiscal year 2014-2015 and which are lawfully available for the payment of current expenses and other obligations of the County (the Unrestricted Revenues).

NOTE 21 – SUBSEQUENT EVENTS (Continued)

The County Board passed and adopted Resolution No. 89-2013 supporting enactment of Assembly Bill 546 (AB 546). AB 546 would permit the County to consolidate the offices of the Treasurer-Tax Collector and Auditor-Controller. AB 546, authored by Assembly Member Mark Stone, was passed by the Legislature and signed by the Governor. Effective as of January 1, 2014, AB 546 amends Government Code §24304.2 by providing the County the authority to combine the Office of Treasurer-Tax Collector with the Office of the Auditor-Controller. The consolidation of departments will result in significant, ongoing cost savings and it will enhance service levels by providing a single location and point of contact for members of the public that have finance-related business with the County. The consolidation of offices will be implemented as of January 5, 2015, after the current Treasurer-Tax Collector's term is completed or vacated, and the newly elected Auditor-Controller-Treasurer-Tax Collector has taken office.

During June 2011, the County entered into a Purchase and Sale Agreement between the County and the Green Valley Corporation for the purchase of four parcels located in the Live Oak area of the County. The Agreement included the design/build of modifications to three buildings and the site, resulting in their adaptive re-use as the Sheriff's Center for Public Safety with space reserved as the future home of the County's Emergency Operations Center (EOC). Phase I and Phase 2 have been completed. The County has acquired and taken occupancy of the building at 2400 Chanticleer Avenue and the building at 5400 Soquel Avenue. Construction of Phase 3, the Sheriff's Administration Building, commenced during August 2014 and occupancy is projected to occur during June or July 2015.

On November 4, 2014, Measure K "County Cannabis Business Tax" was approved by voters by 77.23%. Measure K authorizes the County to add Charter 4.06 to the County Code, imposing a business tax of no more than 10% on the gross receipts of cannabis (medical marijuana) businesses in the unincorporated areas of the County. The rate would be set at 7% at the time of enactment. The cannabis business tax revenue would be used solely for County general governmental purposes.

The cannabis business tax at the proposed rate of 7% of gross receipts is estimated to generate approximately $900,000 annually. All revenues from this business tax will be spent on essential general governmental services currently supplied by the County such as sheriff, fire, emergency response, health services, parks, youth and senior programs, animal shelter programs, economic development, affordable housing, and other essential county services.

NOTE 22 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of $8 million was made to increase the governmental activities net position. The adjustment was made to the beginning balance of the capital asset infrastructure category. A reduction of $8 million was taken in the prior year that was determined not to be an impairment, but rather normal road repair and infrastructure costs.

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE

Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the Redevelopment Agency Successor Agency (the Agency), a Private Purpose Trust Fund, no longer amortizes the cost of debt issuance as a deferred outflow of resources. These amounts should be expensed in the year they are incurred. The Agency made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in Fiduciary Net Position for private purpose trust fund activities being reduced by $2,488,047.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

COUNTY OF SANTA CRUZ
BUDGETARY PRINCIPLES

General Budget Policies

In accordance with Chapter 1, Division 3, Title 3, of the Government Code of the State of California, known as the "Budget Act," the County prepares and adopts a budget for each fiscal year. The budget is a compilation of operating budgets from: individual functional units within the General Fund, Special Revenue Funds, Capital Projects Fund, and Proprietary Funds (operating plans). Budgets are adopted for all funds except for Debt Service Funds and certain Special Revenue Funds, namely, the Financing Authorities, Health Services, and Geological Hazard Abatement Districts.

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or before June 10, each official in charge of a budget provides the County Administrative Officer an itemized request detailing the estimate of financing sources, financing uses, and any other matter required by the Board of Supervisors (Board). The auditor provides the estimates for bonded debt service requirements.

2. Prior to July 1, the County Administrative Officer submits to the Board a recommended budget for the fiscal year commencing the following July 1. By formal action, the Board approves the recommended budget, including the revisions it deems necessary.

3. On or before September 8, the Board publishes a notice in a newspaper of general circulation stating that the recommended budget documents are available to the public, and the dates of the public hearings at which any member of the public may attend and be heard on any item in the recommended budget.

4. On or before October 2, public hearings are conducted to obtain public comments, and the budget is legally adopted through the passage of a resolution. The public hearings shall be concluded within 14 calendar days.

5. On or before December 1, the Auditor-Controller publishes a final budget as recommended by the County Administrative Officer and adopted by the Board, in a format prescribed by the State Controller.

6. Budget units are expenditure classifications which identify accounting or cost centers necessary or desirable for control of the County financial operation.

7. The County uses formal budgetary integration as a management control device during the year for the primary government and all blended component units, except the Financing Authorities and certain Special Revenue Funds, which do not annually adopt a budget.

8. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for the following different classifications:

    - Interfund transfers are reported as revenues or expenditures for budgetary purposes, however, for GAAP purposes are reported as other financing sources or uses.

    - Proceeds from the sale of assets and the issuance of new debt are reported as revenues for budgetary purposes, however, for GAAP purposes they are reported as other financing sources.

BUDGETARY PRINCIPLES (Continued)

General Budget Policies *(Continued)*

9. Budgetary control is maintained at the character level, except for capital assets and other charges which are controlled by line item. Character levels are appropriation totals for salaries and employee benefits, and services and supplies. The Board approves all transfers of budgeted appropriation amounts between budget units within any fund or between expenditures outside of budgetary control limits. Unencumbered appropriations at year-end lapse into fund balance. See the following paragraph for encumbered appropriations at year-end.

The Board made several supplementary budgetary appropriations throughout the year, primarily to the Special Revenue and Capital Projects Funds. Other supplemental budgetary appropriations in other funds were not considered material.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as commitments of fund balance since they do not constitute expenditures or liabilities. Encumbrances at year-end are re-budgeted in the new year.

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

Budgetary Comparison Schedule, General Fund

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 40,568,922	$ 40,568,922	$ 40,568,922	$ -
RESOURCES (INFLOWS)				
Taxes	89,969,942	89,969,942	92,958,333	2,988,391
Licenses	10,410,289	10,410,289	9,848,179	(562,110)
Fines, forfeitures, and penalties	5,483,063	5,509,188	4,751,384	(757,804)
Revenue from use of money and property	1,746,961	1,996,961	2,891,836	894,875
Aid from other governmental agencies	207,890,368	213,295,580	218,825,254	5,529,674
Charges for current services	50,640,823	51,290,823	46,183,054	(5,107,769)
Other revenues	3,251,942	3,597,597	3,358,987	(238,610)
Inception of capital leases	-	-	424,824	424,824
Transfers in	26,987,150	32,036,753	2,423,227	(29,613,526)
Amount Available for Appropriation	396,380,538	408,107,133	381,665,078	(26,442,055)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General Government:				
Board of Supervisors				
Salaries and employee benefits	2,307,462	2,307,462	2,274,535	32,927
Services and supplies	104,392	122,886	109,772	13,114
Other charges	3,230	3,230	3,229	1
Total	2,415,084	2,433,578	2,387,536	46,042
Administrative Office				
Salaries and employee benefits	2,755,278	2,755,278	2,222,441	532,837
Services and supplies	2,481,913	2,006,595	306,075	1,700,520
Other charges	-	3,857	2,571	1,286
Capital assets	-	16,524	16,524	-
Intrafund transfers	(658,214)	(658,214)	(655,670)	(2,544)
Appropriations for contingencies	-	482,515	-	482,515
Total	4,578,977	4,606,555	1,891,941	2,714,614
Auditor-Controller				
Salaries and employee benefits	3,099,886	2,763,369	2,739,329	24,040
Services and supplies	1,822,610	2,182,531	1,839,807	342,724
Other charges	854,551	854,951	760,635	94,316
Capital assets	-	2,723,031	355,191	2,367,840
Intrafund transfers	(1,497,409)	(1,497,409)	(1,537,027)	39,618
Total	4,279,638	7,026,473	4,157,935	2,868,538

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Treasurer - Tax Collector				
Salaries and employee benefits	$ 1,278,695	$ 1,278,695	$ 1,267,400	$ 11,295
Services and supplies	655,036	635,594	584,570	51,024
Intrafund transfers	(46,813)	(46,813)	(46,813)	-
Appropriations for contingencies	-	2,394	-	2,394
Total	1,886,918	1,869,870	1,805,157	64,713
Assessor				
Salaries and employee benefits	2,549,366	2,547,555	2,402,885	144,670
Services and supplies	698,924	537,228	497,447	39,781
Other charges	260,172	261,983	261,982	1
Intrafund transfers	(515,426)	(515,426)	(179,117)	(336,309)
Total	2,993,036	2,831,340	2,983,197	(151,857)
Purchasing				
Salaries and employee benefits	295,638	332,198	329,983	2,215
Services and supplies	141,717	172,495	171,367	1,128
Intrafund transfers	(49,451)	(49,451)	(48,311)	(1,140)
Total	387,904	455,242	453,039	2,203
County Counsel				
Salaries and employee benefits	2,780,668	2,958,929	2,958,929	-
Services and supplies	280,917	190,056	162,311	27,745
Intrafund transfers	(1,045,818)	(1,045,818)	(1,067,118)	21,300
Total	2,015,767	2,103,167	2,054,122	49,045
Personnel				
Salaries and employee benefits	2,412,870	2,599,844	2,578,520	21,324
Services and supplies	2,285,126	2,070,385	2,022,531	47,854
Intrafund transfers	(628,920)	(628,920)	(599,013)	(29,907)
Appropriations for contingencies	-	501	-	501
Total	4,069,076	4,041,810	4,002,038	39,772
County Clerk/Elections				
Salaries and employee benefits	1,703,113	1,732,878	1,574,734	158,144
Services and supplies	1,405,586	1,414,402	887,519	526,883
Other charges	63,117	63,117	59,350	3,767
Capital assets	263,175	263,175	263,175	-
Total	3,434,991	3,473,572	2,784,778	688,794

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
General Government, Continued:				
Communications				
Salaries and employee benefits	$ 666,533	$ 672,030	$ 672,030	$ -
Services and supplies	2,198,541	2,158,584	2,077,899	80,685
Other charges	118,935	118,935	118,935	-
Capital assets	2,028	68,857	64,538	4,319
Intrafund transfers	(564,439)	(564,439)	(541,131)	(23,308)
Total	2,421,598	2,453,967	2,392,271	61,696
General Services				
Salaries and employee benefits	3,937,251	4,045,956	4,045,956	-
Services and supplies	3,319,479	3,287,279	3,285,761	1,518
Other charges	497,454	497,454	492,695	4,759
Interfund transfers	(4,765,818)	(4,765,818)	(4,760,801)	(5,017)
Appropriations for contingencies	-	3,591	-	3,591
Total	2,988,366	3,068,462	3,063,611	4,851
Real Property Management				
Services and supplies	73,000	73,000	51,023	21,977
Total	73,000	73,000	51,023	21,977
Surveyor				
Services and supplies	441,657	441,657	400,415	41,242
Interfund transfers	-	-	(1,125)	1,125
Total	441,657	441,657	399,290	42,367
Department of Public Works Engineering				
Services and supplies	148,680	148,680	114,252	34,428
Total	148,680	148,680	114,252	34,428
Central Stores				
Salaries and employee benefits	161,877	171,877	171,115	762
Services and supplies	40,226	40,231	40,022	209
Intrafund transfers	(236,675)	(236,675)	(215,320)	(21,355)
Total	(34,572)	(24,567)	(4,183)	(20,384)
Total General Government	32,100,120	35,002,806	28,536,007	6,466,799

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection:				
Courts				
Services and supplies	$ 265,085	$ 262,085	$ 213,184	$ 48,901
Other charges	2,013,315	2,016,315	2,004,475	11,840
Total	2,278,400	2,278,400	2,217,659	60,741
Grand Jury				
Services and supplies	50,313	56,369	55,881	488
Total	50,313	56,369	55,881	488
Child Support				
Salaries and employee benefits	6,025,090	5,835,090	5,489,887	345,203
Services and supplies	662,042	852,042	690,321	161,721
Other charges	181,733	181,733	181,733	-
Total	6,868,865	6,868,865	6,361,941	506,924
District Attorney				
Salaries and employee benefits	11,239,240	11,533,094	11,512,872	20,222
Services and supplies	1,245,333	1,387,407	1,376,261	11,146
Other charges	150,006	189,462	177,911	11,551
Intrafund transfers	(101,000)	(101,000)	(113,638)	12,638
Appropriations for contingencies	-	1,560	-	1,560
Total	12,533,579	13,010,523	12,953,406	57,117
Public Defender				
Services and supplies	9,418,426	9,418,426	8,949,254	469,172
Total	9,418,426	9,418,426	8,949,254	469,172
Sheriff-Coroner				
Salaries and employee benefits	21,844,897	22,267,506	22,267,505	1
Services and supplies	5,023,865	4,979,651	4,620,779	358,872
Other charges	60,860	65,743	46,370	19,373
Capital assets	968,768	1,042,891	550,254	492,637
Appropriations for contingencies	-	30,579	-	30,579
Total	27,898,390	28,386,370	27,484,908	901,462
Jail and Rehabilitation Center				
Salaries and employee benefits	20,361,688	20,439,643	20,073,945	365,698
Services and supplies	7,278,424	7,392,147	6,936,764	455,383
Other charges	66,305	66,305	49,675	16,630
Capital assets	-	161,627	135,891	25,736
Appropriations for contingencies	-	11,609	-	11,609
Total	27,706,417	28,071,331	27,196,275	875,056

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection, Continued:				
Probation Department				
Salaries and employee benefits	$ 12,849,595	$ 12,849,595	$ 12,485,040	$ 364,555
Services and supplies	4,775,482	5,311,491	4,921,547	389,944
Other charges	52,558	57,080	53,095	3,985
Capital assets	43,395	65,312	37,333	27,979
Total	17,721,030	18,283,478	17,497,015	786,463
State Correctional Schools				
Services and supplies	5,740	25,740	25,422	318
Other charges	15,000	15,000	-	15,000
Total	20,740	40,740	25,422	15,318
Agricultural Commissioner/ Weights and Measures				
Salaries and employee benefits	1,612,998	1,612,998	1,606,927	6,071
Services and supplies	305,516	309,554	306,789	2,765
Other charges	2,859	2,859	2,858	1
Intrafund transfers	(127,025)	(127,025)	(127,025)	-
Total	1,794,348	1,798,386	1,789,549	8,837
Public Works - Other Construction Inspection				
Services and supplies	98,000	97,717	19,417	78,300
Total	98,000	97,717	19,417	78,300
Recorder				
Salaries and employee benefits	917,229	945,061	939,915	5,146
Services and supplies	933,742	903,891	561,334	342,557
Other charges	156,727	156,727	156,727	-
Intrafund transfers	88,276	88,276	-	88,276
Total	2,095,974	2,093,955	1,657,976	435,979

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Protection, Continued:				
County Emergency Office				
Salaries and employee benefits	$ 152,005	$ 157,705	$ 157,685	$ 20
Services and supplies	303,624	286,703	283,164	3,539
Total	455,629	444,408	440,849	3,559
Local Agency Formation Commission				
Other charges	123,295	123,295	123,295	-
Total	123,295	123,295	123,295	-
Planning Department				
Salaries and employee benefits	7,239,848	7,296,130	7,296,130	-
Services and supplies	4,793,408	4,714,526	4,430,323	284,203
Other charges	2,605,469	2,606,519	1,121,076	1,485,443
Intrafund transfers	(2,868,482)	(2,868,482)	(2,852,770)	(15,712)
Appropriations for contingencies	-	19,714	-	19,714
Total	11,770,243	11,768,407	9,994,759	1,773,648
Animal Services				
Other charges	1,169,547	1,169,547	1,169,547	-
Total	1,169,547	1,169,547	1,169,547	-
Association of Monterey Bay Area Govts.				
Other charges	33,107	33,107	33,107	-
Total	33,107	33,107	33,107	-
Total Public Protection	122,036,303	123,943,324	117,970,260	5,973,064
Public Ways and Facilities:				
Public Ways - Department of Public Works				
Services and supplies	217,364	217,614	217,613	1
Appropriations for contingencies	-	33	-	33
Total	217,364	217,647	217,613	34
Total Public Ways and Facilities	217,364	217,647	217,613	34

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	$ 57,539,964	$ 56,452,066	$ 53,835,218	$ 2,616,848
Services and supplies	47,644,875	49,226,681	46,760,746	2,465,935
Other charges	20,489,794	21,380,721	19,162,544	2,218,177
Capital assets	-	30,000	22,160	7,840
Intrafund transfers	(12,747,256)	(13,140,738)	(12,770,714)	(370,024)
Appropriations for contingencies	-	56,136	-	56,136
Total	112,927,377	114,004,866	107,009,954	6,994,912
Mosquito Abatement				
Salaries and employee benefits	804,738	804,738	765,649	39,089
Services and supplies	504,675	480,350	270,049	210,301
Other charges	4,450	4,450	4,450	-
Capital assets	-	24,325	-	24,325
Total	1,313,863	1,313,863	1,040,148	273,715
Air Pollution				
Other charges	30,133	30,133	30,133	-
Total	30,133	30,133	30,133	-
Total Health and Sanitation	114,271,373	115,348,862	108,080,235	7,268,627
Public Assistance:				
Human Services Department				
Salaries and employee benefits	45,614,197	45,914,197	45,781,753	132,444
Services and supplies	16,862,018	18,695,385	16,783,266	1,912,119
Other charges	12,115,113	12,185,627	10,503,606	1,682,021
Capital assets	40,000	634,204	587,289	46,915
Intrafund transfers	(519,373)	(519,373)	(107,721)	(411,652)
Total	74,111,955	76,910,040	73,548,193	3,361,847
Community Programs				
Other charges	3,411,028	3,411,028	3,409,897	1,131
Total	3,411,028	3,411,028	3,409,897	1,131

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Public Assistance, Continued:				
Categorical Aids				
Other charges	$ 30,987,929	$ 31,217,929	$ 31,109,976	$ 107,953
Total	30,987,929	31,217,929	31,109,976	107,953
General Assistance				
Services and supplies	1,351	1,351	-	1,351
Other charges	448,505	448,505	382,403	66,102
Total	449,856	449,856	382,403	67,453
Burial of Indigents				
Services and supplies	42,112	42,112	37,725	4,387
Total	42,112	42,112	37,725	4,387
Family Relations				
Services and supplies	338,009	317,669	179,380	138,289
Other charges	493,329	479,075	412,799	66,276
Appropriations for contingencies	-	34,594	-	34,594
Total	831,338	831,338	592,179	239,159
Wards of Court				
Services and supplies	20,021	20,021	959	19,062
Other charges	183,500	183,500	125,740	57,760
Total	203,521	203,521	126,699	76,822
Veterans Service Officer				
Salaries and employee benefits	310,636	316,858	316,858	-
Services and supplies	33,216	62,926	62,525	401
Total	343,852	379,784	379,383	401
Total Public Assistance	110,381,591	113,445,608	109,586,455	3,859,153

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued				
Education:				
Agricultural Extension Services				
Salaries and employee benefits	$ 89,305	$ 91,012	$ 91,011	$ 1
Services and supplies	32,244	30,545	23,028	7,517
Total	121,549	121,557	114,039	7,518
Total Education	121,549	121,557	114,039	7,518
Recreation and Cultural Services:				
Recreation and Cultural Services				
Salaries and employee benefits	3,840,535	3,834,650	3,797,330	37,320
Services and supplies	2,005,099	1,995,712	1,964,266	31,446
Other charges	346,108	361,515	339,623	21,892
Capital assets	56,888	56,888	56,626	262
Intrafund transfers	(86,279)	(86,279)	(86,279)	-
Total	6,162,351	6,162,486	6,071,566	90,920
Total Recreation and Cultural Services	6,162,351	6,162,486	6,071,566	90,920
Debt Service:				
Debt Service				
Services and supplies	143,250	143,250	103,022	40,228
Other charges	369,337	369,337	361,278	8,059
Intrafund transfers	(282,772)	(282,772)	(285,573)	2,801
Total	229,815	229,815	178,727	51,088
Total Debt Service	229,815	229,815	178,727	51,088
Total Charges to Appropriations (Outflows)	385,520,466	394,472,105	370,754,902	23,717,203

(Continued)

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
Transfers Out:				
Planning Department	$ -	$ 1,689,136	$ 1,689,136	$ -
Sheriff-Coroner	-	66,895	66,894	1
Probation Department	-	221,675	196,675	25,000
Mosquito Abatement	500,000	500,000	-	500,000
Health Services Agency	12,136,744	13,628,406	692,894	12,935,512
Human Services Department	455,000	1,778,704	1,778,703	1
Debt Service to Financing Authorities	6,591,251	6,591,251	6,339,914	251,337
Total transfers out	19,682,995	24,476,067	10,764,216	13,711,851
Total Charges to Appropriations (Outflows)	405,203,461	418,948,172	381,519,118	37,429,054
Net change in fund balance	(8,822,923)	(10,841,039)	145,960	10,986,999
FUND BALANCE, ENDING	$ 31,745,999	$ 29,727,883	$ 40,714,882	$ 10,986,999

(Concluded)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 381,665,078
Differences - budget to GAAP:	
Inception of capital leases are not revenues for financial reporting purposes	(424,824)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(2,423,227)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 378,817,027
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 381,519,118
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(10,764,216)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 370,754,902

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 58,821,750	$ 58,821,750	$ 58,821,750	$ -
RESOURCES (INFLOWS)				
Use of money and property	9,950	96,812	202,688	105,876
Aid from other governments	1,330,972	2,030,972	258,578	(1,772,394)
Charges for current services	484,136	484,136	185,011	(299,125)
Other revenue	152,500	152,500	1,264,865	1,112,365
Transfers in	79,431	21,677,158	21,597,727	(79,431)
Amounts available for appropriation	2,056,989	24,441,578	23,508,869	(932,709)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	858,686	1,154,619	640,329	514,290
Other charges	1,047,803	20,963,623	2,753,667	18,209,956
Transfers out	1,941,937	2,417,102	-	2,417,102
Appropriations for contingencies	-	8,535	-	8,535
Total charges to appropriations	3,848,426	24,543,879	3,393,996	21,149,883
FUND BALANCE, ENDING	$ 57,030,313	$ 58,719,449	$ 78,936,623	$ 20,217,174

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 23,508,869
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(21,597,727)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 1,911,142

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 3,393,996
Differences - budget to GAAP:	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 3,393,996

COUNTY OF SANTA CRUZ
PUBLIC EMPLOYEES RETIREMENT SYSTEM (CalPERS)
AND OTHER POSTEMPLOYMENT OBLIGATIONS
SCHEDULES OF FUNDING PROGRESS

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrual liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30 of each year indicated:

Miscellaneous Employees

Actuarial Valuation Date*	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Liability as a Percentage of Covered Payroll [(C)/(E)]
2010	$ 682,810,383	$ 823,338,155	$ 140,527,772	82.9%	$ 143,904,032	97.7%
2011	721,534,770	875,808,856	154,274,086	82.4%	139,029,180	111.0%
2012	756,567,058	915,375,315	158,808,257	82.7%	134,308,272	118.2%

Safety Employees

Actuarial Valuation Date*	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Liability as a Percentage of Covered Payroll [(C)/(E)]
2010	$ 109,419,543	$ 124,165,627	$ 14,746,084	88.1%	$ 15,479,038	95.3%
2011	114,873,164	133,199,435	18,326,271	86.2%	14,825,926	123.6%
2012	119,179,623	139,059,550	19,879,927	85.7%	15,751,689	126.2%

COUNTY OF SANTA CRUZ
PUBLIC EMPLOYEES RETIREMENT SYSTEM (CalPERS)
AND OTHER POSTEMPLOYMENT OBLIGATIONS
SCHEDULES OF FUNDING PROGRESS (CONTINUED)

Sheriff Safety Employees

Actuarial Valuation Date*	(A) Actuarial Value of Assets	(B) Entry Age Actuarial Accrued Liability	(C) Unfunded (Overfunded) Actuarial Accrued Liability [(B)-(A)]	(D) Funded Ratio [(A)/(B)]	(E) Covered Payroll	(F) Unfunded (Overfunded) Liability as a Percentage of Covered Payroll [(C)/(E)]
2010	$ 76,572,047	$ 100,814,044	$ 24,241,997	76.0%	$ 12,490,589	194.1%
2011	81,994,903	108,356,979	26,362,076	75.7%	12,207,567	215.9%
2012	87,538,086	119,721,273	32,183,187	73.1%	12,620,185	255.0%

*Most recent information available

OTHER POSTEMPLOYMENT OBLIGATIONS

SCHEDULE OF FUNDING PROGRESS

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrual liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of January 1 of each year indicated.

Actuarial Valuation Date*	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Liability as a Percentage of Covered Payroll
01/01/09	$ -	$ 181,575,000	$ 181,575,000	0.0%	$ 161,577,000	112.4%
01/01/12	-	127,836,000	127,836,000	0.0%	154,788,000	82.6%
01/01/14	-	145,013,000	145,013,000	0.0%	153,879,000	94.2%

* Most recent information available.

SUPPLEMENTARY INFORMATION

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

SUMMARY OF NONMAJOR GOVERNMENTAL FUND FINANCIAL STATEMENTS

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of special revenue sources which are legally restricted to expenditures for specific purposes.

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

COUNTY OF SANTA CRUZ
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Non-Major Governmental Funds
ASSETS	
Cash and investments	$ 22,902,340
Restricted cash and investments	16,017,627
Receivables	4,118,386
Due from other funds	99,641
Prepaid items	44,094
Advances to other funds	746,429
Total assets	$ 43,928,517
LIABILITIES	
Accounts payable	$ 3,460,679
Due to other funds	1,294,768
Advances from grantors and third parties	2,943,527
Total liabilities	7,698,974
FUND BALANCES	
Restricted	36,229,543
Total fund balances	36,229,543
Total liabilities and fund balances	$ 43,928,517

COUNTY OF SANTA CRUZ
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Non-Major Governmental Funds
REVENUES:	
Taxes	$ 14,265,646
Licenses and permits	(1,466)
Fines, forfeitures, and penalties	6,849
Use of money and property	163,584
Aid from other governments	19,319,977
Charges for services	10,764,946
Other	1,562,490
Total revenues	46,082,026
EXPENDITURES:	
Current:	
General government	669,495
Public protection	16,334,502
Public ways and facilities	18,512,511
Health and sanitation	886,929
Education	4,800,577
Recreation and cultural services	879,293
Debt service:	
Principal	3,796,789
Interest and fiscal charges	2,972,289
Total expenditures	48,852,385
REVENUES OVER (UNDER) EXPENDITURES	(2,770,359)
OTHER FINANCING SOURCES (USES):	
Bond proceeds	11,810,000
Bond premium/discount	812,221
Payment to bond refunded escrow agent	(6,362,140)
Issuance of Debt-Refunding Bond	6,285,000
Transfers in	7,886,513
Transfers out	(5,647,058)
Total other financing sources (uses)	14,784,536
Net change in fund balances	12,014,177
FUND BALANCES:	
Beginning of year	24,215,366
End of year	$ 36,229,543

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 40,053,013	$ 40,053,013	$ 40,053,013	$ -
RESOURCES (INFLOWS)				
Use of money and property	29,862	54,217	222,036	167,819
Aid from other governmental agencies	-	24,635,000	-	(24,635,000)
Charges for services	-	164,638	2,954,294	2,789,656
Other revenue	-	6,330,848	6,740,408	409,560
Transfers in	-	2,181,735	3,511,788	1,330,053
Amounts available for appropriation	29,862	33,366,438	13,428,526	(19,937,912)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	106,105	220,124	116,862	103,262
Capital assets	15,938,790	43,894,775	18,223,656	25,671,119
Other charges	19,938,453	4,866,469	534,622	4,331,847
Transfers out	-	20,744,153	20,091,624	652,529
Total charges to appropriations	35,983,348	69,725,521	38,966,764	30,758,757
FUND BALANCE, ENDING	$ 4,099,527	$ 3,693,930	$ 14,514,775	$ 10,820,845

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 13,428,526
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(3,511,788)
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	$ 9,916,738
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 38,966,764
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(20,091,624)
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	$ 18,875,140

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

NONMAJOR

SPECIAL REVENUE FUNDS

Special Revenue Funds:

Library Fund – The Library Fund finances library services in the unincorporated area of the County through contracts with the cities of Santa Cruz and Watsonville. Revenue is collected from property taxes in the unincorporated area of the County and from the cities of Scotts Valley and Capitola and is dedicated to the S.C. County Library Joint Powers Authority for library operations.

Fire Fund – The Fire Fund provides support for coordinating fire protection and prevention activities with local fire protection agencies, County departments, and advisory bodies. Revenues consist of taxes and charges for services.

Off Highway, Road, and Transportation Fund – The Off Highway, Road, and Transportation Fund provides for the construction and maintenance of County roads, along with transportation planning activities. Revenues consist primarily of State and Federal grants, State taxes, and a State subvention from vehicle license fees.

Financing Authorities – The Financing Authorities are legal entities separate from the County, although they are not reported as a component unit of the County. The Financing Authorities facilitate financing for the County and Redevelopment Agency Successor Agency.

Fish and Game Fund – The Fish and Game Fund provides for expenditures, which are used for the protection and propagation of fish and game. Revenues are from the County's share of fines collected for violations of fish and game laws.

Park Dedication and State Park Bonds Fund – The Park Dedication and State Park Bonds Fund finances park land acquisition and park development. Revenues come from development impact fees charged on new residential development and major residential remodeling.

Health Services Fund – The Health Services Fund provides for future purchases of health facilities.

Santa Cruz Flood Control and Water Conservation Zone 7 – The Santa Cruz Flood Control and Water Conservation Zone 7 Fund supports a special purpose district fund administered by the Department of Public Works. It is governed by an independent Board of Directors. Revenues consist largely of service charges.

Districts Governed by the Board of Supervisors: Public Protection, Health and Sanitation, Recreation and Cultural Services, and Public Ways and Facilities Funds – The Public Protection, Health and Sanitation, Recreation and Cultural Services, and Public Ways and Facilities Funds support a number of special purpose district funds administered by the Department of Public Works. Revenues consist of tax levies and service charges.

Districts Governed by the Board of Supervisors: Geologic Hazard Abatement Districts Fund – The Geologic Hazard Abatement Districts Fund provides for financing and maintaining improvements necessary or incidental to the prevention, mitigation, abatement, or control of geologic hazards.

COUNTY OF SANTA CRUZ
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Library	Fire	Off Highway, Road, and Transportation	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds
ASSETS						
Cash and investments	$ 40,963	$ 5,014,825	$ 3,731,033	$ -	$ 22,344	$ 1,582,440
Restricted cash and investments	-	-	-	16,017,627	-	-
Receivables	-	-	3,246,572	-	-	135,705
Due from other funds	-	-	-	-	-	99,641
Advances to other funds	-	-	-	746,429	-	-
Prepaid items	-	-	-	44,094	-	-
Total assets	$ 40,963	$ 5,014,825	$ 6,977,605	$ 16,808,150	$ 22,344	$ 1,817,786
LIABILITIES						
Accounts payable	$ -	$ 1,860,466	$ 387,908	$ -	$ -	$ 47,899
Due to other funds	-	-	-	773,728	-	-
Advances from grantors and third parties	-	-	2,943,527	-	-	-
Total liabilities	-	1,860,466	3,331,435	773,728	-	47,899
FUND BALANCES						
Restricted	40,963	3,154,359	3,646,170	16,034,422	22,344	1,769,887
Unassigned	-	-	-	-	-	-
Total fund balances	40,963	3,154,359	3,646,170	16,034,422	22,344	1,769,887
Total liabilities and fund balances	$ 40,963	$ 5,014,825	$ 6,977,605	$ 16,808,150	$ 22,344	$ 1,817,786

COUNTY OF SANTA CRUZ
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)
JUNE 30, 2014

		Board of Supervisors Governed					
Health Services	Santa Cruz Flood Control and Water Conservation Zone 7	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	Total Non-Major Special Revenue Funds
$ 13,173	$ 1	$ 2,996,006	$ 2,882,825	$ 2,050,187	$ 4,381,981	$ 186,562	$ 22,902,340
-	-	-	-	-	-	-	16,017,627
-	620,600	92,120	-	-	23,389	-	4,118,386
-	-	-	-	-	-	-	99,641
-	-	-	-	-	-	-	746,429
	-	-	-	-	-	-	44,094
$ 13,173	$ 620,601	$ 3,088,126	$ 2,882,825	$ 2,050,187	$ 4,405,370	$ 186,562	$ 43,928,517
$ -	$ 99,539	$ 985,944	$ -	$ -	$ 78,923	$ -	$ 3,460,679
-	521,040	-	-	-	-	-	1,294,768
-	-	-	-	-	-	-	2,943,527
-	620,579	985,944	-	-	78,923	-	7,698,974
13,173	22	2,102,182	2,882,825	2,050,187	4,326,447	186,562	36,229,543
-	-	-	-	-	-	-	-
13,173	22	2,102,182	2,882,825	2,050,187	4,326,447	186,562	36,229,543
$ 13,173	$ 620,601	$ 3,088,126	$ 2,882,825	$ 2,050,187	$ 4,405,370	$ 186,562	$ 43,928,517

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Library	Fire	Off Highway, Road, and Transportation	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds
REVENUES:						
Taxes	$ 4,806,620	$ 1,737,215	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	8,060	-
Use of money and property	-	21,481	37,344	558	126	11,627
Aid from other governments	57,732	(3,260)	14,386,768	158,900	-	173,815
Charges for services	-	1,230,675	861,091	-	-	290,698
Other	-	6,883	1,476,939	-	-	70,000
Total revenues	4,864,352	2,992,994	16,762,142	159,458	8,186	546,140
EXPENDITURES:						
Current:						
General government	-	-	-	503,840	-	165,655
Public protection	-	2,507,425	-	-	1,251	-
Public ways and facilities	-	-	13,676,571	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	4,800,577	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-	173,140
Debt service:						
Principal	-	-	-	3,796,789	-	-
Interest	-	-	-	2,972,289	-	-
Total expenditures	4,800,577	2,507,425	13,676,571	7,272,918	1,251	338,795
REVENUES OVER (UNDER) EXPENDITURES	63,775	485,569	3,085,571	(7,113,460)	6,935	207,345
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	183,030	6,339,914	-	317,858
Transfers out	(5,662)	(29,413)	-	(3,316,187)	-	(153,029)
Proceeds of bonds issued	-	-	-	11,810,000	-	-
Bond premium/discount	-	-	-	812,221	-	-
Issuance of Debt-Refunding Bond	-	-	-	6,285,000	-	-
Payment to bond refunded escrow agent	-	-	-	(6,362,140)	-	-
Total other financing sources (uses)	(5,662)	(29,413)	183,030	15,568,808	-	164,829
Net change in fund balances	58,113	456,156	3,268,601	8,455,348	6,935	372,174
Beginning of year	(17,150)	2,698,203	377,569	7,579,074	15,409	1,397,713
Prior period adjustment	-	-	-	-	-	-
Fund balances - beginning	(17,150)	2,698,203	377,569	7,579,074	15,409	1,397,713
Fund balances (deficit) - ending	$ 40,963	$ 3,154,359	$ 3,646,170	$ 16,034,422	$ 22,344	$ 1,769,887

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

		Board of Supervisors Governed					
Health Services	Santa Cruz Flood Control and Water Conservation Zone 7	Public Protection	Health and Sanitation	Recreation and Cultural Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	Total Non-Major Special Revenue Funds
$ -	$ -	$ 6,076,945	$ -	$ 996,497	$ 648,369	$ -	$ 14,265,646
-	-	(1,466)	-	-	-	-	(1,466)
-	-	(1,211)	-	-	-	-	6,849
6,030	1,193	19,853	10,028	15,446	38,520	1,378	163,584
-	4,162,484	278,855	-	4,235	100,448	-	19,319,977
-	1,680,663	995,086	1,281,683	290,316	4,134,734	-	10,764,946
-	-	59	-	-	8,609	-	1,562,490
6,030	5,844,340	7,368,121	1,291,711	1,306,494	4,930,680	1,378	46,082,026
-	-	-	-	-	-	-	669,495
-	7,290,077	6,535,749	-	-	-	-	16,334,502
-	-	-	-	-	4,835,940	-	18,512,511
855,376	-	-	31,553	-	-	-	886,929
-	-	-	-	-	-	-	4,800,577
-	-	-	-	706,153	-	-	879,293
-	-	-	-	-	-	-	3,796,789
-	-	-	-	-	-	-	2,972,289
855,376	7,290,077	6,535,749	31,553	706,153	4,835,940	-	48,852,385
(849,346)	(1,445,737)	832,372	1,260,158	600,341	94,740	1,378	(2,770,359)
-	1,045,711		-	-	-	-	7,886,513
-	-	(800,000)	(1,040,148)	(282,619)	(20,000)	-	(5,647,058)
-	-	-	-	-	-	-	11,810,000
-	-	-	-	-	-	-	812,221
-	-	-	-	-	-	-	6,285,000
-	-	-	-	-	-	-	(6,362,140)
-	1,045,711	(800,000)	(1,040,148)	(282,619)	(20,000)	-	14,784,536
(849,346)	(400,026)	32,372	220,010	317,722	74,740	1,378	12,014,177
862,519	400,048	2,117,377	11,964	1,759,922	6,827,534	185,184	24,215,366
-	-	(47,567)	2,650,851	(27,457)	(2,575,827)	-	-
862,519	400,048	2,069,810	2,662,815	1,732,465	4,251,707	185,184	24,215,366
$ 13,173	$ 22	$ 2,102,182	$ 2,882,825	$ 2,050,187	$ 4,326,447	$ 186,562	$ 36,229,543

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
LIBRARY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ (17,150)	$ (17,150)	$ (17,150)	$ -
RESOURCES (INFLOWS)				
Taxes	4,718,912	4,762,938	4,806,620	43,682
Aid from other governmental agencies	40,451	60,451	57,732	(2,719)
Amounts available for appropriation	4,759,363	4,823,389	4,864,352	40,963
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	4,693,181	4,757,188	4,757,188	-
Other charges	43,389	43,389	43,389	-
Transfers out	5,643	5,662	5,662	-
Total charges to appropriations	4,742,213	4,806,239	4,806,239	-
FUND BALANCE, ENDING	$ -	$ -	$ 40,963	$ 40,963

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 4,806,239
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(5,662)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 4,800,577

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
FIRE SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 2,698,203	$ 2,698,203	$ 2,698,203	$ -
RESOURCES (INFLOWS)				
Taxes	1,664,992	1,664,992	1,737,215	72,223
Use of money and property	8,000	8,000	21,481	13,481
Aid from other governmental agencies	285,299	320,003	(3,260)	(323,263)
Charges for current services	1,073,888	1,073,888	1,230,675	156,787
Other revenue	7,200	7,200	6,883	(317)
Amounts available for appropriation	3,039,379	3,074,083	2,992,994	(81,089)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	172,717	172,717	125,530	47,187
Services and supplies	3,066,472	3,122,740	2,195,816	926,924
Other charges	259,652	259,652	180,190	79,462
Capital assets	490,000	544,939	5,889	539,050
Transfers out	30,000	30,000	29,413	587
Appropriations for contingencies	200,000	123,497	-	123,497
Total charges to appropriations	4,218,841	4,253,545	2,536,838	1,716,707
FUND BALANCE, ENDING	$ 1,518,741	$ 1,518,741	$ 3,154,359	$ 1,635,618

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 2,536,838
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(29,413)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 2,507,425

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 377,569	$ 377,569	$ 377,569	$ -
RESOURCES (INFLOWS)				
Use of money and property	8,500	8,500	37,344	28,844
Aid from other governmental agencies	26,339,565	29,948,618	14,386,768	(15,561,850)
Charges for current services	3,874,187	3,874,187	861,091	(3,013,096)
Other revenue	3,772,017	3,772,017	1,476,939	(2,295,078)
Transfers in	-	-	183,030	183,030
Amounts available for appropriation	33,994,269	37,603,322	16,945,172	(20,658,150)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	34,315,450	37,900,571	13,676,571	24,224,000
Appropriations for contingencies	-	23,932	-	23,932
Total charges to appropriations	34,315,450	37,924,503	13,676,571	24,247,932
FUND BALANCE, ENDING	$ 56,388	$ 56,388	$ 3,646,170	$ 3,589,782

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 16,945,172
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(183,030)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 16,762,142

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
FISH AND GAME SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 15,409	$ 15,409	$ 15,409	$ -
RESOURCES (INFLOWS)				
Fines, forfeitures, and penalties	3,940	3,940	8,060	4,120
Use of money and property	60	60	126	66
Amounts available for appropriation	4,000	4,000	8,186	4,186
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Other charges	5,500	5,500	1,251	4,249
Appropriations for contingencies	460	460	-	460
Total charges to appropriations	5,960	5,960	1,251	4,709
FUND BALANCE, ENDING	$ 13,449	$ 13,449	$ 22,344	$ 8,895

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 1,397,713	$ 1,397,713	$ 1,397,713	$ -
RESOURCES (INFLOWS)				
Use of money and property	7,836	7,836	11,627	3,791
Aid from other governmental agencies	1,796,922	1,796,922	173,815	(1,623,107)
Charges for current services	188,560	200,560	290,698	90,138
Other revenue	76,600	76,600	70,000	(6,600)
Transfers In	314,658	314,658	317,858	3,200
Amounts available for appropriation	2,384,576	2,396,576	863,998	(1,532,578)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	7,490	7,490	5,587	1,903
Other charges	215,496	215,496	111,030	104,466
Capital assets	3,400,474	3,434,075	222,178	3,211,897
Transfers out	153,029	153,029	153,029	-
Total charges to appropriations	3,776,489	3,810,090	491,824	3,318,266
FUND BALANCE, ENDING	$ 5,800	$ (15,801)	$ 1,769,887	$ 1,785,688

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 863,998
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(317,858)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 546,140
Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 491,824
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(153,029)
Total expenditures as reported on the Statement of Revenues, Expenditures ,and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 338,795

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
HEALTH SERVICES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 862,519	$ 862,519	$ 862,519	$ -
RESOURCES (INFLOWS)				
Use of money and property	-	-	6,030	6,030
Amounts available for appropriation	-	-	6,030	6,030
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Other charges	-	855,375	855,376	(1)
Total charges to appropriations	-	855,375	855,376	(1)
FUND BALANCE, ENDING	$ 862,519	$ 7,144	$ 13,173	$ 6,029

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
SANTA CRUZ FLOOD CONTROL AND WATER CONSERVATION – ZONE 7
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 400,048	$ 400,048	$ 400,048	$ -
RESOURCES (INFLOWS)				
Use of money and property	(1,500)	(1,500)	1,193	2,693
Aid from other governmental agencies	12,687,803	12,687,803	4,162,484	(8,525,319)
Charges for current services	1,714,105	1,714,105	1,680,663	(33,442)
Transfers In	1,045,493	1,045,493	1,045,711	218
Amounts available for appropriation	15,445,901	15,445,901	6,890,051	(8,555,850)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	1,135,434	1,120,770	1,015,892	104,878
Other charges	2,100,000	2,100,000	1,126,857	973,143
Capital assets	12,487,894	12,186,540	5,147,328	7,039,212
Appropriations for contingencies	206,086	522,104	-	522,104
Total charges to appropriations	15,929,414	15,929,414	7,290,077	8,639,337
FUND BALANCE, ENDING	$ (83,465)	$ (83,465)	$ 22	$ 83,487

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Sources/Inflows of Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 6,890,051
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(1,045,711)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 5,844,340

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS – PUBLIC PROTECTION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 2,069,810	$ 2,069,810	$ 2,069,810	$ -
RESOURCES (INFLOWS)				
Taxes	5,789,045	5,963,930	6,076,945	113,015
Licenses, permits, and franchises	-	-	(1,466)	(1,466)
Fines, forfeitures, and assessments	-	-	(1,211)	(1,211)
Use of money and property	7,149	7,149	19,853	12,704
Aid from other governmental agencies	2,394,250	2,404,150	278,855	(2,125,295)
Charges for current services	895,006	930,006	995,086	65,080
Other revenue	-	-	59	59
Amounts available for appropriation	9,085,450	9,305,235	7,368,121	(1,937,114)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Salaries and employee benefits	54,646	54,646	36,856	17,790
Services and supplies	6,482,225	6,611,427	5,381,266	1,230,161
Other charges	2,123,243	2,250,157	1,093,197	1,156,960
Capital assets	1,054,527	1,023,355	24,430	998,925
Transfers out	800,000	800,000	800,000	-
Appropriations for contingencies	124,415	119,256	-	119,256
Total charges to appropriations	10,639,056	10,858,841	7,335,749	3,523,092
FUND BALANCE, ENDING	$ 516,204	$ 516,204	$ 2,102,182	$ 1,585,978

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 7,335,749
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(800,000)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 6,535,749

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS – HEALTH AND SANITATION SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 2,662,815	$ 2,662,815	$ 2,662,815	$ -
RESOURCES (INFLOWS)				
Use of money and property	25,460	25,460	10,028	(15,432)
Charges for services	1,329,670	1,329,670	1,281,683	(47,987)
Amounts available for appropriation	1,355,130	1,355,130	1,291,711	(63,419)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	12,853	12,853	10,265	2,588
Other charges	21,288	21,288	21,288	-
Transfers out	1,813,863	1,813,863	1,040,148	773,715
Total charges to appropriations	1,848,004	1,848,004	1,071,701	776,303
FUND BALANCE, ENDING	$ 2,169,941	$ 2,169,941	$ 2,882,825	$ 712,884

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 1,071,701
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(1,040,148)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 31,553

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS – RECREATION AND CULTURAL SERVICES
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 1,732,465	$ 1,732,465	$ 1,732,465	$ -
RESOURCES (INFLOWS)				
Taxes	917,697	917,697	996,497	78,800
Use of money and property	6,200	6,200	15,446	9,246
Aid from other governmental agencies	2,680	2,680	4,235	1,555
Charges for current services	298,112	298,112	290,316	(7,796)
Amounts available for appropriation	1,224,689	1,224,689	1,306,494	81,805
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	961,182	1,010,719	697,997	312,722
Other charges	24,111	24,111	8,156	15,955
Transfers out	282,157	282,157	282,619	(462)
Total charges to appropriations	1,267,450	1,316,987	988,772	328,215
FUND BALANCE, ENDING	$ 1,689,704	$ 1,640,167	$ 2,050,187	$ 410,020

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 988,772
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(282,619)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 706,153

COUNTY OF SANTA CRUZ
BUDGETARY COMPARISON SCHEDULE
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS – PUBLIC WAYS AND FACILITIES SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budget			Variance with
	Original	Final	Actual	Final Budget
FUND BALANCE, BEGINNING	$ 4,251,707	$ 4,251,707	$ 4,251,707	$ -
RESOURCES (INFLOWS)				
Taxes	612,214	612,214	648,369	36,155
Use of money and property	13,127	13,127	38,520	25,393
Aid from other governmental agencies	5,175	182,875	100,448	(82,427)
Charges for current services	4,141,570	4,141,570	4,134,734	(6,836)
Other revenues	-	135	8,609	8,474
Amounts available for appropriation	4,772,086	4,949,921	4,930,680	(19,241)
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
Services and supplies	8,009,060	8,097,470	4,737,128	3,360,342
Other charges	8,084	8,084	8,026	58
Capital assets	147,208	227,256	90,786	136,470
Transfers out	20,000	20,000	20,000	-
Appropriations for contingencies	90,000	99,377	-	99,377
Total charges to appropriations	8,274,352	8,452,187	4,855,940	3,596,247
FUND BALANCE, ENDING	$ 749,441	$ 749,441	$ 4,326,447	$ 3,577,006

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

Uses/Outflows of Resources:	
Actual amounts (budgetary basis) "charges to appropriation" from the budgetary comparison schedule	$ 4,855,940
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(20,000)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Special Revenue Funds	$ 4,835,940

NONMAJOR

ENTERPRISE FUNDS

Boulder Creek CSA 7, Rolling Woods CSA 10, Place de Mer CSA 2, Sand Dollar Beach CSA 5, Trestle Beach CSA 20, Summit West CSA 54, and Graham Hill CSA 57 – These County Service Areas provide sewage collection, treatment, and disposal services to residents within each district's area. User fees are the principal sources of revenue.

Septic Tank Maintenance CSA 12 – This County Service Area provides maintenance for septic tanks in unincorporated areas of the County. User fees are the principal source of revenue.

Freedom County Sanitation District – This district provides sewage collection, treatment, and disposal services for the residents of the Freedom area. User fees are the principal source of revenue.

Davenport Sanitation District – This district provides sewage collection, treatment, and disposal services as well as the supplying and treatment of water to Davenport, Newtown, and San Vicente. User fees and contributions from the principal commercial customer are the principal sources of revenue.

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2014

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
ASSETS					
Current assets:					
Cash and investments	$ 697,258	$ 13,595	$ 405,426	$ 180,438	$ 59,995
Restricted cash	-	-	-	-	-
Receivables	-	-	-	-	-
Total current assets	697,258	13,595	405,426	180,438	59,995
Noncurrent assets:					
Loans receivable	-	-	-	-	-
Capital assets:					
Construction in progress	-	-	-	-	-
Buildings and structures	1,903,676	375,398	188,209	917,969	-
Equipment	83,080	-	-	-	13,569
Accumulated depreciation	(1,436,091)	(226,714)	(103,200)	(300,596)	(12,891)
Capital assets, net	550,665	148,684	85,009	617,373	678
Total noncurrent assets	550,665	148,684	85,009	617,373	678
Total assets	1,247,923	162,279	490,435	797,811	60,673
LIABILITIES					
Current liabilities:					
Payables	-	-	-	68	-
Due to other funds	-	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-
Total current liabilities	-	-	-	68	-
Noncurrent liabilities:					
Long-term liabilities	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-
Total liabilities	-	-	-	68	-
NET POSITION					
Net investment in capital assets	550,665	148,684	85,009	617,373	678
Restricted for:					
Debt service	-	-	-	-	-
Unrestricted	697,258	13,595	405,426	180,370	59,995
Total net position	$ 1,247,923	$ 162,279	$ 490,435	$ 797,743	$ 60,673

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF NET POSITION (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2014

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
$ 2,619	$ 631,765	$ 1,145,086	$ 1,986,632	$ 13,819	$ 5,136,633
-	-	-	-	16,427	16,427
-	-	11,922	-	-	11,922
2,619	631,765	1,157,008	1,986,632	30,246	5,164,982
-	-	115,956	-	-	115,956
-	-	-	160,326	-	160,326
-	-	-	8,698,378	6,606,034	18,689,664
-	-	72,612	-	17,345	186,606
-	-	(49,582)	(3,929,191)	(2,054,404)	(8,112,669)
-	-	23,030	4,929,513	4,568,975	10,923,927
-	-	138,986	4,929,513	4,568,975	11,039,883
2,619	631,765	1,295,994	6,916,145	4,599,221	16,204,865
-	-	125,994	127,122	21,900	275,084
-	-	-	-	63,755	63,755
-	-	12,226	-	29,150	41,376
-	-	138,220	127,122	114,805	380,215
-	-	208,606	-	240,359	448,965
-	-	208,606	-	240,359	448,965
-	-	346,826	127,122	355,164	829,180
-	-	23,030	4,929,513	4,299,467	10,654,419
-	-	-	-	43,427	43,427
2,619	631,765	926,138	1,859,510	(98,837)	4,677,839
$ 2,619	$ 631,765	$ 949,168	$ 6,789,023	$ 4,244,057	$ 15,375,685

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
OPERATING REVENUES:					
Charges for services	$ 439,060	$ 16,518	$ 82,983	$ 249,989	$ 43,659
Total operating revenues	439,060	16,518	82,983	249,989	43,659
OPERATING EXPENSES:					
Services and supplies	231,660	4,455	16,752	199,596	55,738
Depreciation and amortization	67,946	9,320	5,542	34,917	666
Total operating expenses	299,606	13,775	22,294	234,513	56,404
Operating income (loss)	139,454	2,743	60,689	15,476	(12,745)
NONOPERATING REVENUES (EXPENSES):					
Intergovernmental	-	-	-	-	-
Interest and investment income	3,795	17	2,600	1,013	492
Interest expense	-	-	-	-	-
Property taxes	-	-	-	-	-
Total nonoperating revenues (expenses)	3,795	17	2,600	1,013	492
Income (loss) before contributions and transfers	143,249	2,760	63,289	16,489	(12,253)
Capital contributions	-	-	-	-	-
Change in net position	143,249	2,760	63,289	16,489	(12,253)
Beginning of the year	1,104,674	159,519	427,146	781,254	72,926
End of the year	$ 1,247,923	$ 162,279	$ 490,435	$ 797,743	$ 60,673

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
$ -	$ 91,585	$ 1,006,788	$ 765,831	$ 429,398	$ 3,125,811
-	91,585	1,006,788	765,831	429,398	3,125,811
136	50,932	1,110,815	402,847	375,274	2,448,205
-	-	3,161	187,442	165,390	474,384
136	50,932	1,113,976	590,289	540,664	2,922,589
(136)	40,653	(107,188)	175,542	(111,266)	203,222
-	-	-	-	33,439	33,439
22	4,396	5,848	14,576	(740)	32,019
-	-	-	-	(8,141)	(8,141)
-	-	-	-	24,530	24,530
22	4,396	5,848	14,576	49,088	81,847
(114)	45,049	(101,340)	190,118	(62,178)	285,069
-	-	-	-	195	195
(114)	45,049	(101,340)	190,118	(61,983)	285,264
2,733	586,716	1,050,508	6,598,905	4,306,040	15,090,421
$ 2,619	$ 631,765	$ 949,168	$ 6,789,023	$ 4,244,057	$ 15,375,685

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	$ 439,060	$ 16,519	$ 82,983	$ 249,988	$ 43,659
Payments to suppliers for goods and services	(75,481)	(2,447)	(8,891)	(63,250)	(15,513)
Payments to other funds for services provided	(156,274)	(2,009)	(7,861)	(155,323)	(40,279)
Other payments	-	-	-	-	-
Net cash provided (used) by operating activities	207,305	12,063	66,231	31,415	(12,133)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating grants	-	-	-	-	-
Principal paid on other long-term debt	-	-	-	-	-
Interest paid on other long-term debt	-	-	-	-	-
Property taxes	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Capital contributions	-	-	-	-	-
Acquisition and construction of capital assets	-	-	-	-	691
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-	-	691
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	3,795	17	2,600	1,013	492
Net cash provided (used) by investing activities	3,795	17	2,600	1,013	492
Net increase (decrease) in cash and cash equivalents	211,100	12,080	68,831	32,428	(10,950)
Cash and cash equivalents at beginning of year	486,158	1,515	336,595	148,010	70,945
Cash and cash equivalents at end of year	$ 697,258	$ 13,595	$ 405,426	$ 180,438	$ 59,995

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
$ -	$ 91,585	$ 1,015,079	$ 765,832	$ 429,398	$ 3,134,103
(125)	(16,593)	(1,016,048)	(99,934)	610	(1,297,672)
(11)	(34,339)	-	(209,466)	(354,415)	(959,977)
-	-	-	-	(96,796)	(96,796)
(136)	40,653	(969)	456,432	(21,203)	779,658
-	-	-	-	33,439	33,439
-	-	(11,916)	-	-	(11,916)
-	-	(6,051)	-	-	(6,051)
-	-	-	-	24,530	24,530
-	-	(17,967)	-	57,969	40,002
-	-	-	-	195	195
-	-		(524,491)	-	(523,800)
-	-	-	-	(28,400)	(28,400)
-	-	-	-	(8,141)	(8,141)
-	-	-	(524,491)	(36,346)	(560,146)
22	4,396	11,899	14,576	(740)	38,070
22	4,396	11,899	14,576	(740)	38,070
(114)	45,049	(7,037)	(53,483)	(320)	297,584
2,733	586,716	1,152,123	2,040,115	30,566	4,855,476
$ 2,619	$ 631,765	$ 1,145,086	$ 1,986,632	$ 30,246	$ 5,153,060

(Continued)

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 139,454	$ 2,743	$ 60,689	$ 15,476	$ (12,745)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	67,946	9,320	5,542	34,917	666
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	-	-	-	-	-
Increase (decrease) in:					
Payables	(95)	-	-	(18,978)	(54)
Due to other funds	-	-	-	-	-
Total adjustments	67,851	9,320	5,542	15,939	612
Net cash provided (used) by operating activities	$ 207,305	$ 12,063	$ 66,231	$ 31,415	$ (12,133)

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
$ (136)	$ 40,653	$ (107,188)	$ 175,542	$ (111,266)	$ 203,222
-	-	3,161	187,442	165,390	474,384
-	-	8,291	-	-	8,291
-	-	94,767	93,448	21,469	190,557
-	-	-	-	(96,796)	(96,796)
-	-	106,219	280,890	90,063	576,436
$ (136)	$ 40,653	$ (969)	$ 456,432	$ (21,203)	$ 779,658

(Concluded)

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Central Duplicating Fund – The Central Duplicating Fund accounts for the County print shop, copy center, and mail room.

Information Services Fund – The Information Services Fund accounts for data processing and telecommunications services provided to County departments.

Public Works Fund – The Public Works Fund accounts for such County functions as construction and maintenance of the County road system and management of certain special districts and other related activities.

Service Center Fund – The Service Center Fund accounts for the maintenance of the County fleet of vehicles and for related services to other County departments.

Self-Insurance Funds – The Self-Insurance Funds account for the County's self-insured risk management, dental and health insurance, liability and property insurance, workers' compensation insurance, employee benefit staffing, and State unemployment insurance program.

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

	Central Duplicating	Information Services	Public Works	Service Center
ASSETS				
Current assets:				
Cash and investments	$ 63,632	$ 3,410,805	$ 1,442,027	$ 1,909,970
Receivables	-	-	706,729	48
Due from other funds	-	375,000	584,795	-
Deposits with others	-	-	-	-
Inventory	-	-	540,789	20,828
Prepaid items	43,797	-	-	-
Total current assets	107,429	3,785,805	3,274,340	1,930,846
Capital assets:				
Land	-	-	62,914	34,173
Construction in progress	-	-	61,083	-
Buildings and structures	-	-	2,611,614	473,443
Equipment	414,676	10,879,080	8,033,864	8,074,963
Accumulated depreciation	(365,915)	(7,753,564)	(9,863,930)	(7,160,578)
Capital assets, net	48,761	3,125,516	905,545	1,422,001
Total assets	156,190	6,911,321	4,179,885	3,352,847
LIABILITIES				
Current Liabilities:				
Payables	6,678	200,550	904,854	91,327
Claims and judgments	-	-	-	-
Capital leases	1,466	-	5,972	-
Compensated absences, due within one year	10,526	450,161	2,366,464	38,002
Total current liabilities	18,670	650,711	3,277,290	129,329
Noncurrent Liabilities:				
Claims liability	-	-	-	-
Capital leases	-	-	11,517	-
Compensated absences, due in more than one year	5,903	451,767	875,268	22,491
Total noncurrent liabilities	5,903	451,767	886,785	22,491
Total liabilities	24,573	1,102,478	4,164,075	151,820
NET POSITION				
Net investment in capital assets	47,295	3,125,516	888,056	1,422,001
Unrestricted	84,322	2,683,327	(872,246)	1,779,026
Total net position	$ 131,617	$ 5,808,843	$ 15,810	$ 3,201,027

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
JUNE 30, 2014

Self-Insurance						
Risk Management and Self-Insurance	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance	Total
$ 756,097	$ 1,045,477	$ 10,049,367	$ 10,951,233	$ 628,090	$ 1,311,012	$ 31,567,710
-	42,106	-	-	-	-	748,883
-	-	-	-	-	-	959,795
-	-	-	150,000	-	-	150,000
-	-	-	-	-	-	561,617
-	-	-	-	-	-	43,797
756,097	1,087,583	10,049,367	11,101,233	628,090	1,311,012	34,031,802
-	-	-	-	-	-	97,087
-	-	-	-	-	-	61,083
-	-	-	-	-	-	3,085,057
55,237	-	-	-	-	-	27,457,820
(55,237)	-	-	-	-	-	(25,199,224)
-	-	-	-	-	-	5,501,823
756,097	1,087,583	10,049,367	11,101,233	628,090	1,311,012	39,533,625
22,724	-	276,910	14,504	9,887	-	1,527,434
-	146,374	3,281,295	4,713,987	-	91,466	8,233,122
-	-	-	-	-	-	7,438
52,643	-	-	-	30,704	-	2,948,500
75,367	146,374	3,558,205	4,728,491	40,591	91,466	12,716,494
-	-	8,789,614	29,961,287	-	-	38,750,901
-	-	-	-	-	-	11,517
73,903	-	-	-	15,957	-	1,445,289
73,903	-	8,789,614	29,961,287	15,957	-	40,207,707
149,270	146,374	12,347,819	34,689,778	56,548	91,466	52,924,201
-	-	-	-	-	-	5,482,868
606,827	941,209	(2,298,452)	(23,588,545)	571,542	1,219,546	(18,873,444)
$ 606,827	$ 941,209	$ (2,298,452)	$ (23,588,545)	$ 571,542	$ 1,219,546	$ (13,390,576)

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Central Duplicating	Information Services	Public Works	Service Center
OPERATING REVENUES:				
Charges for services	$ 638,588	$ 10,607,553	$ 32,096,735	$ 2,061,297
Other revenues	-	12,874	433,320	600
Total operating revenues	638,588	10,620,427	32,530,055	2,061,897
OPERATING EXPENSES:				
Salaries and employee benefits	155,993	6,118,052	25,738,778	452,897
Services and supplies	297,620	3,438,545	5,387,167	1,169,073
Insurance and compensation claims	-	70,828	1,812,694	25,606
Other	42,593	-	-	-
Depreciation and amortization	11,990	588,759	265,382	354,397
Total operating expenses	508,196	10,216,184	33,204,021	2,001,973
Operating income (loss)	130,392	404,243	(673,966)	59,924
NONOPERATING REVENUES (EXPENSES):				
Interest and investment income	-	-	-	-
Gain/(loss) on disposal of capital assets	-	-	-	(3,562)
Inception of capital lease	-	-	(14,979)	-
Interest expense	(369)	-	(1,503)	-
Total nonoperating revenues (expenses)	(369)	-	(16,482)	(3,562)
Income (loss) before contributions and transfers	130,023	404,243	(690,448)	56,362
Transfers in	-	416,230	-	667,413
Change in net position	130,023	820,473	(690,448)	723,775
Beginning of the year	1,594	4,988,370	706,258	2,477,252
End of the year	$ 131,617	$ 5,808,843	$ 15,810	$ 3,201,027

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Self-Insurance						
Risk Management and Self-Insurance	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance	Total
$ 1,600,000	$ 1,727,021	$ 4,900,000	$ 6,321,994	$ 968,861	$ 550,003	$ 61,472,052
-	-	-	593	-	-	447,387
1,600,000	1,727,021	4,900,000	6,322,587	968,861	550,003	61,919,439
767,221	-	-	-	307,771	-	33,540,712
539,700	38,964	936,138	1,139,230	604,349	3,454	13,554,240
18,814	2,022,390	2,925,318	4,977,164	-	436,328	12,289,142
-	-	-	-	-	-	42,593
-	-	-	-	-	-	1,220,528
1,325,735	2,061,354	3,861,456	6,116,394	912,120	439,782	60,647,215
274,265	(334,333)	1,038,544	206,193	56,741	110,221	1,272,224
5,262	9,687	64,341	80,081	4,961	9,152	173,484
-	-	-	-	-	-	(3,562)
-	-	-	-	-	-	(14,979)
-	-	-	-	-	-	(1,872)
5,262	9,687	64,341	80,081	4,961	9,152	153,071
279,527	(324,646)	1,102,885	286,274	61,702	119,373	1,425,295
-	-	-	-	-	-	1,083,643
279,527	(324,646)	1,102,885	286,274	61,702	119,373	2,508,938
327,300	1,265,855	(3,401,337)	(23,874,819)	509,840	1,100,173	(15,899,514)
$ 606,827	$ 941,209	$ (2,298,452)	$ (23,588,545)	$ 571,542	$ 1,219,546	$ (13,390,576)

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Central Duplicating	Information Services	Public Works	Service Center
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 638,588	$ -	$ 1,405,820	$ 2,061,879
Receipts from interfund charges for services	-	10,303,560	30,996,965	-
Payments to suppliers for goods and services	(291,003)	(3,456,663)	(7,200,581)	(1,207,837)
Payments to employees for salaries and benefits	(150,309)	(6,093,629)	(25,684,538)	(448,653)
Payments for judgments and claims	-	-	-	-
Other receipts	-	-	-	-
Other payments	(100,727)	-	(424,244)	-
Net cash provided (used) by operating activities	96,549	753,268	(906,578)	405,389
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	-	416,230	-	667,413
Net cash provided (used) by noncapital financing activities	-	416,230	-	667,413
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(24,904)	(1,089,165)	(100,867)	(495,618)
Principal paid on capital debt	(7,644)	-	(4,196)	-
Interest paid on capital debt	(369)	-	(1,503)	-
Proceeds from sale of capital assets	-	-		100
Net cash provided (used) by capital and related financing activities	(32,917)	(1,089,165)	(106,566)	(495,518)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	-	-	-
Net cash provided (used) by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	63,632	80,333	(1,013,144)	577,284
Cash and cash equivalents at beginning of year	-	3,330,472	2,455,171	1,332,686
Cash and cash equivalents at end of year	$ 63,632	$ 3,410,805	$ 1,442,027	$ 1,909,970

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Self-Insurance						
Risk Management and Self-Insurance	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance	Total
$ 1,600,000	$ 1,725,747	$ 4,900,000	$ 6,321,994	$ 968,861	$ 550,003	$ 20,172,892
-	-	-	-	-	-	41,300,525
(541,585)	(185,359)	(3,316,755)	(3,369,591)	(631,004)	(163,454)	(20,363,832)
(776,081)	-	-	-	(299,632)	-	(33,452,842)
(18,814)	(1,870,470)	(507,606)	(2,764,075)	-	(276,328)	(5,437,293)
-	-	-	593	-	-	593
-	-	-	-	-	-	(524,971)
263,520	(330,082)	1,075,639	188,921	38,225	110,221	1,695,072
-	-	-	-	-	-	1,083,643
-	-	-	-	-	-	1,083,643
-	-	-	-	-	-	(1,710,554)
-	-	-	-	-	-	(11,840)
-	-	-	-	-	-	(1,872)
-	-	-	-	-	-	100
-	-	-	-	-	-	(1,724,166)
5,262	9,687	64,341	80,081	4,961	9,152	173,484
5,262	9,687	64,341	80,081	4,961	9,152	173,484
268,782	(320,395)	1,139,980	269,002	43,186	119,373	1,228,033
487,315	1,365,872	8,909,387	10,682,231	584,904	1,191,639	30,339,677
$ 756,097	$ 1,045,477	$ 10,049,367	$ 10,951,233	$ 628,090	$ 1,311,012	$ 31,567,710

(Continued)

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Central Duplicating	Information Services	Public Works	Service Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 130,392	$ 404,243	$ (673,966)	$ 59,924
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,990	588,760	265,382	354,396
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	(127,271)	(18)
Inventory	-	-	9,548	(4,091)
Prepaid items	7,928	-	-	-
Due from other funds	-	(316,867)	-	-
Increase (decrease) in:				
Payables	(1,311)	52,710	25	(9,066)
Due to other funds	(58,134)	-	(424,244)	-
Accrued salaries and benefits	999	19,196	88,842	2,274
Compensated absences	4,685	5,226	(29,915)	1,970
Capital leases	-	-	(14,979)	-
Total adjustments	(33,843)	349,025	(232,612)	345,465
Net cash provided (used) by operating activities	$ 96,549	$ 753,268	$ (906,578)	$ 405,389

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

Self-Insurance						
Risk Management and Self-Insurance	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance	Total
$ 274,265	$ (334,333)	$ 1,038,544	$ 206,193	$ 56,741	$ 110,221	$ 1,272,224
-	-	-	-	-	-	1,220,528
-	(1,274)	-	-	-	-	(128,563)
-	-	-	-	-	-	5,457
-	-	-	-	-	-	7,928
-	-	-	-	-	-	(316,867)
(1,885)	5,525	37,095	(17,272)	(26,655)	-	39,166
-	-	-	-	-	-	(482,378)
(2,194)	-	-	-	1,436	-	110,553
(6,666)	-	-	-	6,703	-	(17,997)
-	-	-	-	-	-	(14,979)
(10,745)	4,251	37,095	(17,272)	(18,516)	-	422,848
$ 263,520	$ (330,082)	$ 1,075,639	$ 188,921	$ 38,225	$ 110,221	$ 1,695,072

(Concluded)

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

FIDUCIARY FUNDS

Agency Funds – Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental entities or other organizations.

Intergovernmental Agency Funds – Intergovernmental Agency Funds are used to account for deposits which are under the control of various single county officers. Disbursements are made from these funds by the Auditor-Controller based on a properly written authorization from the responsible officer.

Payroll Funds – The Payroll Funds are used to account for various employee payroll deductions, tax withholdings, and employer contributions for fringe benefits.

Property Tax Collections Funds – The Property Tax Collections Funds are used to account for the collection and distribution of property taxes and interest on bank deposits of other local governmental agencies.

Private Purpose Trust Fund – The Private Purpose Trust Fund reports resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. This fund is used to report the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and activities of the County of Santa Cruz Redevelopment Agency Successor Agency.

THE GREAT SEAL OF THE COUNTY OF
1850
SINE PRAEJUDICIO
SANTA CRUZ

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF NET POSITION
AGENCY FUNDS
JUNE 30, 2014

	Inter-governmental Agency	Payroll	Property Tax Collections	Total
ASSETS				
Cash and investments	$ 22,436,613	$ 5,151,243	$ 13,364,988	$ 40,952,844
Receivables	29,961	-	12,305,331	12,335,292
Total assets	$ 22,466,574	$ 5,151,243	$ 25,670,319	$ 53,288,136
LIABILITIES				
Accounts payable	$ -	$ 5,151,243	$ -	$ 5,151,243
Due to other governmental units	-	-	25,670,319	25,670,319
Agency funds held for others	22,466,574	-	-	22,466,574
Total liabilities	$ 22,466,574	$ 5,151,243	$ 25,670,319	$ 53,288,136

COUNTY OF SANTA CRUZ
COMBINING STATEMENT OF CHANGES IN NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Intergovernmental Agency				
Assets:				
Cash and investments	$ 20,765,595	$ 241,768,165	$ 240,097,147	$ 22,436,613
Receivables	115,045	(85,084)	-	29,961
Total assets	$ 20,880,640	$ 241,683,081	$ 240,097,147	$ 22,466,574
Liabilities:				
Accounts payable	$ -	$ 33,813,399	$ 33,813,399	$ -
Agency funds held for others	20,880,640	359,355,452	357,769,518	22,466,574
Total liabilities	$ 20,880,640	$ 393,168,851	$ 391,582,917	$ 22,466,574
Payroll				
Assets:				
Cash and investments	$ 6,688,087	$ 292,397,646	$ 293,934,490	$ 5,151,243
Total assets	$ 6,688,087	$ 292,397,646	$ 293,934,490	$ 5,151,243
Liabilities:				
Accounts payable	$ 6,688,087	$ 627,641,023	$ 629,177,867	$ 5,151,243
Total liabilities	$ 6,688,087	$ 627,641,023	$ 629,177,867	$ 5,151,243
Property Tax Collections				
Assets:				
Cash and investments	$ 9,094,265	$ 928,731,519	$ 924,460,796	$ 13,364,988
Receivables	15,069,632	426,865,120	429,629,421	12,305,331
Total assets	$ 24,163,897	$ 1,355,596,639	$ 1,354,090,217	$ 25,670,319
Liabilities:				
Accounts payable	$ -	$ 19,154,558	$ 19,154,558	$ -
Due to other governmental units	24,163,897	1,367,553,541	1,366,047,119	25,670,319
Total liabilities	$ 24,163,897	$ 1,386,708,099	$ 1,385,201,677	$ 25,670,319
Total Agency Funds				
Assets:				
Cash and investments	$ 36,547,947	$ 1,462,897,330	$ 1,458,492,433	$ 40,952,844
Receivables	15,184,677	426,780,036	429,629,421	12,335,292
Total assets	$ 51,732,624	$ 1,889,677,366	$ 1,888,121,854	$ 53,288,136
Liabilities:				
Accounts payable	$ 6,688,087	$ 680,608,980	$ 682,145,824	$ 5,151,243
Due to other governmental units	24,163,897	1,367,553,541	1,366,047,119	25,670,319
Agency funds held for others	20,880,640	359,355,452	357,769,518	22,466,574
Total liabilities	$ 51,732,624	$ 2,407,517,973	$ 2,405,962,461	$ 53,288,136

COUNTY OF SANTA CRUZ
SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY
STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUND
JUNE 30, 2014

	Santa Cruz County Redevelopment Successor Agency
ASSETS	
Current assets:	
Cash and investments	$ 13,455,690
Total current assets:	13,455,690
Noncurrent assets:	
Restricted cash with fiscal agents	11,681,324
Prepaid insurance	1,459,861
Capital assets, net	9,206,646
Total noncurrent assets:	22,347,831
Total assets	$ 35,803,521
LIABILITIES	
Current liabilities:	
Accounts payable - claims	$ 58,720
Interest payable	4,577,047
Long-term debt - due within one year	5,118,894
Total current liabilities:	9,754,661
Long-term liabilities:	
Long-term debt - due in more than one year	230,571,102
Total long-term liabilities:	230,571,102
Total liabilities	$ 240,325,763
DEFERRED INFLOWS OF RESOURCES	
Deferred tax increment revenue	$ 7,713,457
Gain on refunding of debt	99,323
Total deferred inflows of resources	$ 7,812,780
NET POSITION	
Fund net position held in trust	$ (212,335,022)

COUNTY OF SANTA CRUZ
SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY
STATEMENT OF CHANGES IN NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Santa Cruz County Redevelopment Successor Agency
ADDITIONS:	
Investment income	$ 101,394
Tax increment received	19,097,878
Other revenue	67,696
Contributions from other agencies	48,019
Total additions	19,314,987
DEDUCTIONS:	
Payments in accordance with enforceable obligations	22,065,979
Total deductions	22,065,979
Change in net position held in trust:	(2,750,992)
Net position - beginning, as previously stated	(207,095,983)
Change in accounting principle	(2,488,047)
Net position - beginning, as restated	(209,584,030)
Net position - ending	$ (212,335,022)

STATISTICAL SECTION

(UNAUDITED)

This part of the County of Santa Cruz's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	168-172
Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	173-176
Debt Capacity These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and the County's ability to issue additional debt in the future.	177-180
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	181-185
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	186-190

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

COUNTY OF SANTA CRUZ
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Reported in Thousands)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental activities										
Net investment in capital assets	$ 458,888	$ 448,657	$ 455,726	$ 215,172	$ 212,557	$ 242,858	$ 327,708	$ 332,526	$ 263,521	$ 244,386
Restricted	69,455	67,014	96,980	117,713	40,865	31,660	55,167	39,024	96,829	103,442
Unrestricted	(65,845)	(65,133)	(66,913)	(61,396)	36,955	32,147	(21,529)	6,532	3,703	13,017
Total governmental activities net position	$ 462,498	$ 450,538	$ 485,793	$ 271,489	$ 290,377	$ 306,665	$ 361,346	$ 378,082	$ 364,053	$ 360,845
Business-type activities										
Net investment in capital assets	$ 24,033	$ 25,023	$ 25,442	$ 24,677	$ 26,662	$ 26,327	$ 27,280	$ 23,266	$ 23,032	$ 22,869
Restricted	476	44	256	253	317	83	187	250	261	255
Unrestricted	8,245	7,634	6,520	5,803	6,553	7,433	6,797	12,628	12,972	13,041
Total business-type activities net position	$ 32,754	$ 32,701	$ 32,218	$ 30,733	$ 33,532	$ 33,843	$ 34,264	$ 36,144	$ 36,265	$ 36,165
Total primary government										
Net investment in capital assets	$ 482,921	$ 473,680	$ 481,168	$ 239,849	$ 239,219	$ 269,185	$ 354,988	$ 355,792	$ 286,553	$ 267,255
Restricted	69,931	67,058	97,236	117,966	41,182	31,743	55,354	39,274	97,090	103,697
Unrestricted	(57,600)	(57,499)	(60,393)	(55,593)	43,508	39,580	(14,732)	19,160	16,675	26,058
Total primary government net position	$ 495,252	$ 483,239	$ 518,011	$ 302,222	$ 323,909	$ 340,508	$ 395,610	$ 414,226	$ 400,318	$ 397,010

COUNTY OF SANTA CRUZ
GOVERNMENT-WIDE CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Reported in Thousands)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses										
Governmental activities:										
General government	$ 35,732	$ 22,735	$ 27,417	$ 39,206	$ 30,407	$ 37,098	$ 48,765	$ 29,116	$ 25,887	$ 27,948
Public protection	136,188	127,640	124,721	125,065	122,743	146,283	117,001	113,608	112,832	104,329
Public ways and facilities	21,219	47,167	32,192	36,694	45,826	32,859	47,209	26,840	39,017	7,589
Health and sanitation	109,447	111,370	113,242	107,497	105,239	111,310	112,560	105,039	97,340	33,103
Public assistance	113,592	104,961	105,835	101,990	108,121	110,208	101,454	98,679	97,378	84,028
Education	5,133	5,005	5,033	5,194	5,140	5,153	5,209	4,714	4,502	85,081
Recreation and cultural services	7,657	5,867	6,670	6,386	6,617	8,499	8,558	7,399	6,662	3,977
Interest on long-term debt	4,344	3,321	10,262	17,144	15,782	13,098	13,211	16,026	12,205	8,986
Total governmental activities expenses	433,312	428,066	425,372	439,176	439,875	464,508	453,967	401,421	395,823	355,041
Business-type activities:										
County Disposal Site CSA 9C	11,363	10,904	10,506	14,792	12,283	14,317	16,088	13,540	13,022	11,831
Boulder Creek CSA 7	307	344	295	299	298	417	438	299	353	317
Rolling Woods CSA 10	14	14	14	12	44	93	78	62	62	57
Septic Tank Maintenance CSA 12	1,114	1,017	943	1,050	951	1,148	966	875	718	997
Freedom County Sanitation CSA	603	441	857	825	551	891	609	602	533	280
Davenport County Sanitation District CSA	553	458	532	477	701	550	420	410	432	501
Place de Mer CSA 2	23	21	37	70	32	52	39	64	50	68
Sand Dollar Beach CSA 5	241	260	265	315	252	254	314	216	220	181
Trestle Beach CSA 20	58	36	41	43	71	61	73	40	45	30
Summit West CSA 54	1	1	1	1	1	1	31	4	4	4
Graham Hill CSA 57	53	35	33	27	27	27	13	20	18	6
Total business-type activities expense	14,330	13,531	13,524	17,911	15,211	17,811	19,069	16,131	15,457	14,272
Total primary government expenses	$ 447,642	$ 441,597	$ 438,896	$ 457,087	$ 455,086	$ 482,319	$ 473,036	$ 417,552	$ 411,280	$ 369,313
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 19,150	$ 18,071	$ 17,695	$ 18,305	$ 17,083	$ 18,494	$ 16,953	$ 16,467	$ 16,797	$ 23,169
Health, sanitation, and public assistance	25,830	23,238	33,029	27,635	24,754	27,137	23,675	25,324	22,307	16,727
Public protection	21,426	20,742	20,623	20,954	20,961	22,364	24,795	23,792	23,328	23,428
Public ways & facilities, and recreation	8,286	8,869	9,412	8,453	8,555	8,633	7,672	7,933	5,939	7,664
Operating grants and contributions	227,863	219,341	207,264	199,689	209,932	187,859	208,047	196,695	192,287	175,187
Capital grants and contributions	10,541	10,678	8,016	11,298	8,673	7,885	3,542	7,508	5,632	6,828
Total governmental activities program revenues	313,096	300,939	296,039	286,334	289,958	272,372	284,684	277,719	266,290	253,003
Business-type activities:										
Charges for services	13,350	13,137	13,313	13,058	13,166	13,350	13,237	13,299	13,223	12,723
Operating grants and contributions	382	208	573	289	964	338	123	127	101	258
Capital grants and contributions	-	60	345	1,097	15	50	25	8	4	20
Total business-type activities program revenues	13,732	13,405	14,231	14,444	14,145	13,738	13,385	13,434	13,328	13,001
Total primary government program revenues	$ 326,828	$ 314,344	$ 310,270	$ 300,778	$ 304,103	$ 286,110	$ 298,069	$ 291,153	$ 279,618	$ 266,004
Net (expense)/revenue										
Governmental activities	$ (120,216)	$ (127,127)	$ (129,333)	$ (152,843)	$ (149,917)	$ (192,136)	$ (169,283)	$ (123,702)	$ (129,533)	$ (102,038)
Business-type activities	(598)	(126)	707	(3,467)	(1,066)	(4,073)	(5,685)	(2,697)	(2,129)	(1,271)
Total primary government net expense	$ (120,814)	$ (127,253)	$ (128,626)	$ (156,310)	$ (150,983)	$ (196,209)	$ (174,968)	$ (126,399)	$ (131,662)	$ (103,309)

(Continued)

COUNTY OF SANTA CRUZ
GOVERNMENT-WIDE CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (CONTINUED)
(Reported in Thousands)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Revenue and Other Changes in Net Position										
Governmental activities:										
Property taxes	$ 88,178	$ 84,795	$ 97,716	$ 109,837	$ 111,224	$ 115,179	$ 111,745	$ 104,814	$ 95,746	$ 82,709
Other taxes	19,046	17,201	16,044	15,265	12,978	13,951	15,622	15,133	14,443	14,796
Grants and contributions not restricted for specific purposes	-	117	-	-	-	-	-	-	-	-
Use of money and property	3,652	1,254	2,741	2,827	3,373	5,805	11,858	14,628	11,655	6,040
Miscellaneous	13,304	4,854	52,099	6,033	4,606	2,546	13,402	3,155	11,576	8,388
Gain (Loss) on sale of assets	(4)	26	1,005	(6)	101	37	(79)	-	-	-
Total governmental activities	124,176	108,247	169,605	133,956	132,282	137,518	152,548	137,730	133,420	111,933
Business-type activities:										
Property taxes	25	25	25	25	24	25	-	-	-	-
Use of money and property	95	(24)	45	12	13	174	756	1,064	859	511
Miscellaneous	531	609	705	631	760	1,068	3,048	1,513	1,370	1,179
Gain on sale of assets	-	-	2	-	3	-	-	-	-	-
Total business-type activities	651	610	777	668	800	1,267	3,804	2,577	2,229	1,690
Total primary government	$ 124,827	$ 108,857	$ 170,382	$ 134,624	$ 133,082	$ 138,785	$ 156,352	$ 140,307	$ 135,649	$ 113,623
Extraordinary Item:	$ -	$ (16,377)	$ 174,033	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Change in Net Position										
Governmental activities	$ 3,960	$ (35,257)	$ 214,305	$ (18,887)	$ (17,635)	$ (54,618)	$ (16,735)	$ 14,028	$ 3,887	$ 9,895
Business-type activities	53	484	1,484	(2,799)	(266)	(2,806)	(1,881)	(120)	100	419
Total primary government	$ 4,013	$ (34,773)	$ 215,789	$ (21,686)	$ (17,901)	$ (57,424)	$ (18,616)	$ 13,908	$ 3,987	$ 10,314

(Concluded)

COUNTY OF SANTA CRUZ
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Reported in Thousands)

	Fiscal Year				
	2009	2008	2007	2006	2005
General Fund					
Reserved	$ 2,919	$ 2,151	$ 3,893	$ 5,433	$ 2,151
Unreserved	14,674	25,008	37,115	30,688	26,807
Total General Fund	$ 17,593	$ 27,159	$ 41,008	$ 36,121	$ 28,958
All other governmental funds					
Reserved	$ 59,340	$ 38,930	$ 44,736	$ 36,209	$ 40,215
Unreserved, reported in:					
Special revenue funds	146,538	121,946	123,244	131,835	67,317
Capital projects funds	3,181	10,273	1,369	5,277	6,226
Total all other governmental funds	$ 209,059	$ 171,149	$ 169,349	$ 173,321	$ 113,758

	Fiscal Year				
	2014	2013	2012	2011	2010
General Fund[1]					
Nonspendable	$ 872	$ 3,544	$ 3,739	$ 4,118	$ 1,525
Restricted	2	2	1	-	-
Committed	21,627	16,166	13,706	12,847	11,748
Assigned	18,214	20,857	24,722	22,231	15,430
Unassigned	-	-	-	171	-
Total General Fund	$ 40,715	$ 40,569	$ 42,168	$ 39,367	$ 28,703
All other governmental funds					
Nonspendable	$ 60,226	$ 56,077	$ 49,883	$ -	$ -
Restricted	69,455	67,030	97,824	166,676	183,044
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(17)	(22)	(37)	-
Total all other governmental funds	$ 129,681	$ 123,090	$ 147,685	$ 166,639	$ 183,044

[1] In fiscal year 2010-2011, the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.

COUNTY OF SANTA CRUZ
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Reported in Thousands)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Taxes	$ 107,224	$ 101,997	$ 113,760	$ 125,101	$ 123,718	$ 129,130	$ 127,367	$ 119,947	$ 110,189	$ 97,506
Licenses and permits	9,847	9,819	10,356	9,046	9,247	9,177	10,085	10,183	9,481	10,072
Fines, forfeitures, and penalties	4,758	4,474	4,737	5,200	5,231	5,088	4,911	5,673	6,440	12,784
Use of money and property	3,480	1,264	2,635	2,718	3,197	5,451	11,082	13,929	11,109	5,802
Aid from other governmental agencies	238,404	230,019	215,280	210,987	219,090	195,758	211,572	204,203	198,214	182,007
Charges for services	60,087	56,626	65,666	61,115	56,845	62,364	58,100	58,091	54,653	47,738
Other revenues	12,927	5,320	2,274	5,341	4,617	4,815	14,617	3,150	9,417	8,347
Total revenues	436,727	409,519	414,708	419,508	421,945	411,783	437,734	415,176	399,503	364,256
Expenditures										
Current										
General government	29,205	28,311	26,747	29,084	26,198	29,994	33,490	28,024	24,086	25,718
Public protection	134,305	129,562	118,671	117,531	118,848	126,014	123,435	112,395	111,868	104,108
Public ways and facilities	18,730	41,232	32,074	37,534	53,095	45,023	37,736	41,335	39,119	7,440
Health and sanitation	108,967	108,688	107,810	104,191	102,048	103,920	109,152	104,326	95,717	42,176
Public assistance	112,980	101,437	101,204	99,120	100,294	101,562	102,976	97,981	95,987	83,982
Education	4,915	4,781	4,810	4,974	4,921	5,420	5,040	4,711	4,502	84,639
Recreation and cultural services	6,951	6,900	7,004	6,928	7,345	7,876	9,189	7,789	7,377	3,971
Capital outlay	18,875	-	-	35,417	769	3,380	10,671	10,299	3,451	3,825
Debt service										
Principal	3,797	3,815	7,790	7,603	6,958	6,836	7,344	7,126	6,339	7,136
Bond redemption	-	-	-	-	-	771	-	-	-	335
Bond issue costs	-	-	-	1,127	-	181	263	738	1,998	-
Interest and fiscal charges	3,151	3,318	10,482	15,677	15,742	12,360	13,343	14,652	10,842	9,292
Total expenditures	441,876	428,044	416,592	459,186	436,218	443,337	452,639	429,376	401,286	372,622
Excess of Revenues Over (Under) Expenditures	(5,149)	(18,525)	(1,884)	(39,678)	(14,273)	(31,554)	(14,905)	(14,200)	(1,783)	(8,366)
Other Financing Sources (Uses)										
Sale of capital assets	-	-	1,139	-	57	(33)	1,255	-	-	-
Gain/(Loss) on land held for resale	-	-	(137)	(9)	-	-	(34)	-	-	-
Debt issue cost	-	-	(248)	-	-	-	-	-	-	-
Escrow transfers in	-	-	-	29,876	-	49,411	-	-	-	-
Escrow transfers out	-	-	-	(29,876)	-	-	-	-	-	-
Proceeds from long-term debt	11,810	-	7,490	-	-	-	-	-	68,860	-
Contributed capital	-	233	45,701	35,410	-	-	-	9,000	-	-
Bond premium/discount	812	-	(23)	(914)	-	-	225	(63)	423	(67)
Gain on conversion of receivables	-	-	5,024	-	-	-	-	-	-	-
Proceeds from refunding bonds	6,285	-	-	-	-	60,492	7,370	10,755	-	10,580
Payment to bond refunding escrow agent	(6,362)	-	(1,399)	-	-	-	(8,012)	(10,366)	-	(11,590)
Transfers in	35,419	17,620	24,252	145,035	29,843	29,760	31,921	27,593	88,914	20,241
Transfers out	(36,503)	(18,379)	(24,282)	(145,709)	(30,551)	(79,777)	(32,043)	(27,795)	(89,008)	(20,241)
Inception of capital lease	425	36	80	123	-	110	94	5,990	-	-
Total other financing sources (uses)	11,886	(490)	57,597	33,936	(651)	59,963	776	15,114	69,189	(1,077)
Extraordinary Item	-	(7,179)	(71,866)	-	-	-	-	-	-	-
Net Change in Fund Balance	$ 6,737	$ (26,194)	$ (16,153)	$ (5,742)	$ (14,924)	$ 28,409	$ (14,129)	$ 914	$ 67,406	$ (9,443)
Debt service as a percentage of noncapital expenditures	1.64%	1.79%	4.59%	5.76%	5.57%	4.66%	4.85%	5.56%	4.48%	4.76%

COUNTY OF SANTA CRUZ
GENERAL FUND TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year	Current Property Taxes	Prior Property Taxes[1]	Delinquent Penalties and Costs	Sales and Use Tax	Occupancy Tax	Property Transfer Tax	Other Taxes	Total Tax Revenues
2005	$ 51,892	$ 28	$ 3,036	$ 7,218	$ 3,806	$ 3,213	$ 69	$ 69,262
2006	61,118	49	2,904	7,865	3,732	2,243	72	77,983
2007	66,783	117	2,741	7,961	3,931	1,481	72	83,086
2008	70,879	187	3,595	8,904	4,622	1,464	74	89,725
2009	72,032	224	5,291	8,038	3,887	1,532	74	91,078
2010	69,970	89	4,671	7,212	3,511	1,630	74	87,157
2011	69,606	118	5,156	7,892	4,101	1,709	72	88,654
2012	69,497	77	4,249	8,378	4,605	1,528	72	88,406
2013	69,152	65	3,522	9,129	4,515	1,936	72	88,391
2014	71,929	41	3,656	9,840	5,514	1,906	72	92,958

[1] The County uses the Alternative Tax Apportionment Method, which treats prior taxes as payments against an outstandi receivable balance. Amounts shown are either past adjustments or present delinquent payments applicable to the supplemental tax roll.

COUNTY OF SANTA CRUZ
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year Ended June 30	Total Secured Tax Levy for Fiscal Year [1]	Fiscal Year of the Levy [2]		Collections in Subsequent Years [3]	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
2005	$ 309,733	$ 305,178	98.5%	$ 17	$ 305,195	98.5%
2006	340,053	333,817	98.2%	74	333,891	98.2%
2007	361,430	352,091	97.4%	152	352,243	97.5%
2008	387,834	373,296	96.3%	258	373,554	96.3%
2009	402,589	387,153	96.2%	596	387,749	96.3%
2010	395,628	383,707	97.0%	792	384,499	97.2%
2011	394,498	385,099	97.6%	923	386,022	97.9%
2012	395,546	388,135	98.1%	1,040	389,175	98.4%
2013	399,146	393,223	98.5%	2,025	395,248	99.0%
2014	418,414	413,276	98.8%	-	413,276	98.8%

[1] Secured tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.

[2] Included are amounts collected by the County on behalf of itself, school districts, cities, and special districts under the supervision of their own governing boards.

[3] Under the Alternative Method of Tax Apportionment (the Teeter Plan), the County allocates to all taxing jurisdictions under the County, 100% of the secured property taxes billed, even if not yet collected. In return, the County retains the subsequent delinquent payments and associated penalties and interest. Refer to schedule of General Fund Tax Revenues by Source for property tax collections applicable to the County.

COUNTY OF SANTA CRUZ
ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY[1]
LAST TEN FISCAL YEARS
(Reported in Thousands)

Fiscal Year Beginning July 1,	Secured[2]	Unsecured	Total Taxable Assessed Value[3]	Total Direct Tax Rate[4]
2005	$ 27,584,028	$ 792,922	$ 28,376,950	1.00%
2006	30,238,488	811,727	31,050,215	1.00%
2007	32,504,394	843,037	33,347,431	1.00%
2008	33,586,675	861,576	34,448,251	1.00%
2009	32,531,717	865,265	33,396,982	1.00%
2010	32,390,765	801,371	33,192,136	1.00%
2011	32,332,271	767,714	33,099,985	1.00%
2012	32,033,769	767,064	32,800,833	1.00%
2013	33,625,169	764,939	34,390,108	1.00%
2014	35,996,363	823,369	36,819,732	1.00%

[1] Assessed value of taxable property represents all taxable property within the County except as excluded or exempted by the State Constitution and the Legislature.

[2] Includes unitary properties (e.g., railroads, utilities), which are assessed by the State Board of Equalization.

[3] The County does not track the estimated actual value of all County properties due in part to the manner in which assessed value is calculated following the passage of California Proposition 13. Thus, the total taxable assessed value reported represents all property within the County.

[4] The maximum tax rate is 1% of the full cash value or $1/$100 of the assessed value, excluding the tax rate for debt service.

COUNTY OF SANTA CRUZ
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
(Reported in Thousands)

Fiscal Year	Property Tax Rates Per $100 of Assessed Valuation		County	Cities	School Districts	Special Districts	Total
	Low	High					
2005	1.062	1.200	25.0	5.0	57.0	13.0	100.0
2006	1.040	1.162	26.0	5.0	56.0	13.0	100.0
2007	1.049	1.132	26.5	5.0	56.0	12.5	100.0
2008	1.056	1.147	26.5	5.0	56.0	12.5	100.0
2009	1.064	1.161	26.5	5.0	56.0	12.5	100.0
2010	1.059	1.174	26.5	5.0	56.0	12.5	100.0
2011	1.065	1.190	26.5	5.0	56.0	12.5	100.0
2012	1.067	1.195	26.5	5.0	56.0	12.5	100.0
2013	1.064	1.197	26.5	5.0	56.0	12.5	100.0
2014	1.078	1.189	26.0	5.0	56.5	12.5	100.0

COUNTY OF SANTA CRUZ
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Reported in Thousands, Except Per Capita Information)

`	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities										
Capital Leases	$ 5,077	$ 5,075	$ 5,337	$ 5,544	$ 5,673	$ 5,942	$ 6,051	$ 6,000	$ 53	$ 337
Refunding Certificates of Participation	29,608	24,534	25,959	27,334	28,634	29,889	31,086	32,921	34,686	36,541
Lease Revenue Bonds	12,325	6,450	6,670	6,885	7,090	7,290	7,840	8,375	9,135	9,875
Lease Revenue Refunding Bonds	1,751	1,812	1,866	1,404	1,535	1,667	1,797	1,918	2,037	2,153
Revenue Bonds	-	-	405	785	1,145	1,480	1,800	2,100	2,385	2,655
Local Agency Revenue Bonds	195	225	250	275	295	320	360	445	520	585
Certificates of Participation	29,307	31,278	33,024	29,110	30,746	32,312	28,822	27,916	21,915	22,441
City of Scotts Valley Writ of Mandate	725	1,450	2,175	-	-	-	-	-	-	-
McGaffigan Mill Road HOA	-	1	33	63	91	-	-	-	-	-
CA Health Facilities Financing Authority (CHFFA)	-	-	-	-	-	510	711	898	1,072	1,233
CA Transportation Finance Bank	-	-	-	-	-	600	600	-	-	-
Local Assessment Bonds	-	-	-	-	-	-	-	-	-	-
RDA Tax Allocation Bonds	-	-	-	247,995	217,472	220,938	168,549	172,144	174,677	108,147
RDA CERTS Loans Payable	-	-	-	-	-	-	-	-	-	352
Internal Service Funds	19	16	29	22	-	-	329	653	1,171	1,699
Business-Type Activities										
Loans Payable	490	531	570	608	646	404	448	2,860	1,188	1,817
Capital Leases	2	3	-	-	-	178	605	-	-	-
Total Primary government[1]	$ 79,499	$ 71,375	$ 76,318	$ 320,025	$ 293,327	$ 301,530	$ 248,998	$ 256,230	$ 248,840	$ 187,835
Percentage of personal income[2,4]	0.00%	0.55%	0.62%	2.70%	2.28%	2.35%	2.08%	2.34%	2.32%	1.87%
Per capita[3,4]	$ -	$ 270	$ 290	$ 1,231	$ 1,143	$ 1,190	$ 990	$ 1,019	$ 986	$ 742

[1] Excludes Component Unit. Total primary government, percentage of personal income, and per capita data for prior

[2] Percentage of personal income is calculated from personal income data for the preceding calendar year (e.g., percentage of personal income for Fiscal Year 2014 is based on 2012 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis.

[3] Per capita data is calculated from per capita income data for the preceding calendar year (e.g., per capita for Fiscal Year 2014 is based on 2012 calendar year per capita income data). Per capita income data is provided by the Bureau of Economic Analysis.

[4] Some prior period personal and per capita income data was revised by the Bureau of Economic Analysis and thus some prior period calculations have been restated here.

COUNTY OF SANTA CRUZ
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value[1]	Legal Debt Limit[2]	Total Net Applicable Debt	Legal Debt Margin	Debt Margin/Debt Limit
2005	$ 27,584,028,124	$ 344,800,352	$ -	$ 344,800,352	100%
2006	30,238,488,053	377,981,101	-	377,981,101	100%
2007	32,504,394,093	406,304,926	-	406,304,926	100%
2008	33,586,675,030	419,833,438	-	419,833,438	100%
2009	32,531,716,741	406,646,459	-	406,646,459	100%
2010	32,390,764,838	404,884,560	-	404,884,560	100%
2011	32,332,270,918	404,153,386	-	404,153,386	100%
2012	32,033,769,082	400,422,114	-	400,422,114	100%
2013	33,625,169,225	420,314,615	-	420,314,615	100%
2014	35,996,363,446	449,954,543	-	449,954,543	100%

[1] Total Assessed Value includes exempt property.

[2] Section 29909 of the California Government Code limits the General Obligation Bond indebtedness to 1.25 percent of the total full cash valuation of all real and personal property within the County. The Legal Debt Margin is the Legal Debt Limit reduced by the General Bonded Debt. The County does not have any General Bonded Debt.

COUNTY OF SANTA CRUZ
STATEMENT OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2014
(Reported in Thousands)

2013-2014 Total Net Assessed Valuation	$ 34,123,152

	Percentage Applicable[1]	Net Debt Outstanding
Overlapping Tax and Assessment and General Obligation Debt		
SCHOOL DISTRICTS		
Live Oak Elementary	100%	$ 16,135
Santa Cruz City Elementary	100%	18,832
Soquel Union Elementary	100%	10,910
Santa Cruz City High	100%	37,845
Bonny Doon Elementary	100%	240
Scotts Valley Unified	100%	15,145
San Lorenzo Valley Unified	100%	31,005
Pacific		828
Pajaro Valley Unified	100%	128,949
Cabrillo College	100%	118,403
SPECIAL DISTRICTS		
Zayante Fire	100%	145
Lompico Water	100%	249
Rolling Woods Water	100%	1,060
Rolling Woods Sewer Improvements	100%	765
North Polo Drive Sewer Extension	100%	170
Felton Community Facilities - District No. 1	100%	9,335
Total Overlapping Tax and Assessment and General Obligation Debt		390,016
Direct Debt		
Santa Cruz County[2]	100%	79,007
Total Direct Debt		79,007
Total Combined Overlapping and Direct Debt		$ 469,023
Ratio to 2013-2014 Assessed Valuation		
Total Overlapping Tax and Assessment and General Obligation Debt	1.14%	
Total Direct Debt	0.23%	
Total Combined Direct Debt and Overlapping Debt	1.37%	

[1] Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

[2] Governmental activities debt excluding tax and revenue anticipation notes, compensated absences and estimated claims, business-type activities, and debt related to the Santa Cruz County Sanitation District.

COUNTY OF SANTA CRUZ
OUTSTANDING DEBT OF THE FINANCING AUTHORITIES [1]
JUNE 30, 2014
(Reported in Thousands)

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt [2]			
1996	$ 15,550	$ 6,301	$ 21,851
1999	195	33	228
2002	1,960	1,123	3,083
2004	14,095	3,947	18,042
2005	5,465	835	6,300
2006	6,685	3,640	10,325
2008	3,040	556	3,596
2011	5,460	3,411	8,871
2012A	1,768	949	2,717
2014	6,285	2,676	8,961
2014	11,810	5,827	17,637
Total debt outstanding for the Financing Authorities	$ 72,313	$ 29,298	$ 101,611

[1] The Financing Authorities is a separate legal entity for whose debt the County is not liable.

[2] Certificates of Participation, Refunding Certificates of Participation, Lease Revenue Bonds, Lease Revenue Refunding Bonds, Revenue Bonds, and Local Agency Revenue Bonds.

COUNTY OF SANTA CRUZ
GENERAL INFORMATION
LAST TEN FISCAL YEARS

Santa Cruz County is the second smallest county in the State of California, with an area of 440 square miles. It is also one of the original 27 counties formed in 1850, and prior to California's independence it was one of three Spanish Pueblos in California.

Santa Cruz County is located in the northern crescent of Monterey Bay, 74 miles south of San Francisco, 375 miles north of Los Angeles, 159 miles southwest of Sacramento, and 164 miles northwest of Fresno.

Fiscal Year	Population[1] (in thousands)	Budget Requirements[2] (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
2005	260	$ 368,492	$ 1,417	$ 51,892	$ 200
2006	262	398,859	1,522	61,118	233
2007	264	434,371	1,645	66,783	253
2008	267	441,194	1,652	70,879	265
2009	269	441,726	1,642	72,032	268
2010	272	411,120	1,511	69,970	257
2011	264	422,464	1,600	69,606	264
2012	266	432,514	1,626	69,497	261
2013	267	447,006	1,674	69,152	259
2014	272	458,496	1,686	71,929	264

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income[3]	Personal Income[3] (in thousands)	School Enrollment[4]	Unemployment Rate[5]
2005	$ 27,584,028	$ 34,106	$ 10,168,863	67,224	7.0%
2006	30,238,488	35,773	10,858,843	67,387	6.3%
2007	32,507,394	37,465	11,127,128	66,501	5.6%
2008	33,586,675	39,882	12,093,124	68,647	5.9%
2009	32,531,717	41,560	12,881,411	69,640	7.3%
2010	32,390,765	42,511	12,940,365	69,958	11.3%
2011	32,332,271	40,816	12,112,253	68,543	12.7%
2012	32,033,769	41,603	12,361,716	69,336	12.4%
2013	33,625,169	43,743	13,284,573	69,194	11.2%
2014	35,996,363	45,188	13,990,306	69,342	9.5%

SOURCES

[1] Based on information compiled by the California Department of Finance.

[2] Santa Cruz County Final/Adopted Budgets.

[3] U.S. Bureau of Economic Analysis (BEA). Figures are for the preceding calendar year (e.g., Fiscal Year 2014 is 2013 calendar year data). Some prior period numbers were revised by the BEA and have been restated here.

[4] Total includes data obtained from the California Department of Education, the University of California at Santa Cruz, and Cabrillo College.

[5] Data reflects the annual average rate for the calendar year (e.g., Fiscal Year 2014 is annual average for 2013 calendar year) as calculated by the California Employment Development Department. Calendar year 2011-2013 was revised by the EDD and have been restated here.

COUNTY OF SANTA CRUZ
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN CALENDAR YEARS

	New Dwelling Units[1]			Valuation of New Units[1] (in thousands)			Deposits[2]
Calendar Year	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
2004	739	65	804	$ 216,038	$ 37,611	$ 253,649	$ 3,970,008
2005	669	225	894	208,121	49,300	257,421	4,112,131
2006	432	28	460	139,416	51,658	191,074	4,165,185
2007	236	342	578	165,997	62,612	228,609	4,238,971
2008	194	63	257	100,176	66,206	166,382	4,108,322
2009	107	2	109	54,300	50,809	105,109	4,224,669
2010	92	23	115	61,446	40,841	102,287	4,172,547
2011	79	111	190	58,010	40,165 [3]	98,175 [3]	4,235,090
2012	80	173	253	68,932	51,671	120,603	4,308,423
2013	94	32	126	69,559	44,708	114,267	4,441,443

[1] Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2014 new construction and property valuation data is not available.

[2] Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2013.

[3] 2011 calendar year non-residential and total valuation amounts have been restated here.

COUNTY OF SANTA CRUZ
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS

	Debt Service Funds		Enterprise Funds	
Year Ended June 30,	Special Assessment Billed	Special Assessment Collected	Special Assessment Billed	Special Assessment Collected
2005	$ 36,663	$ 36,663	$ 154,503	$ 154,479
2006	36,701	36,693	154,044	157,688
2007	131,731	131,731	157,990	157,028
2008	132,072	132,072	114,938	114,938
2009	129,337	128,488	92,315	92,307
2010	206,325	203,641	90,075	90,139
2011	201,300	201,300	92,629	92,653
2012	199,146	223,739	89,947	89,946
2013	195,230	199,209	92,052	92,171
2014	197,814	221,247	93,061	93,062

Note: The billings and collections shown are for those special assessment bonds for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts.

COUNTY OF SANTA CRUZ
PRINCIPAL TAXPAYERS
CURRENT AND TEN YEARS AGO

Taxpayer	Type of Business	Assessed Value 2013-2014	Percentage of Total Assessed Valuation 2013-2014[1]	Taxes Levied 2013-2014[3]	Percentage of Taxes Levied 2013-2014
Pacific Gas & Electric Company	Gas & Electric Utility	$ 226,180,539	38 %	$ 9,964,813	34 %
Santa Cruz Seaside Company	Amusement Park	76,494,242	13	4,310,346	15
Cypress Point RE Investors LLC	Real Estate	41,372,892	7	2,308,874	8
Pacific Bell Telephone Co.	Telephone Utility	51,638,082	9	2,273,666	8
Watsonville Hospital	Hospital	8,998,427	2	2,129,958	7
S. Martinelli & Co.	Beverage Producer	31,036,236	5	2,104,695	7
SC Shaffer Road Investors	Real Estate	35,259,943	6	1,938,809	7
George Ow, Jr. et al	Real Estate	42,394,457	7	1,617,938	5
Bei-Scott Co.	Property Management	37,391,896	6	1,594,029	5
SC Beach Hotel Partners	Hotel Operator	42,521,219	7	1,470,770	5
Totals		$ 593,287,933	100 %	$ 29,713,898	100 %

Taxpayer	Type of Business	Assessed Value 2004-2005	Percentage of Total Assessed Valuation 2004-2005[2]	Taxes levied 2004-2005[3]	Percentage of Taxes Levied 2004-2005
Pacific Gas & Electric Company	Gas & Electric Utility	$ 152,872,223	25 %	$ -	0 %
Lone Star	Cement Manufacturer	72,687,827	12	-	0
SBC California	Telephone Utility	63,852,130	10	-	0
NNN Enterprise Way LLC et al	Software Producer	62,556,320	10	-	0
Macerich Partnership L P	Commercial Real Estate	60,648,881	10	-	0
Watsonville Hospital Corporation	Hospital	56,211,795	9	-	0
Santa Cruz Seaside Company	Amusement Park	45,784,277	7	-	0
Seagate Technology	Electronic Manufacturer	39,798,084	6	-	0
Cypress Point RE Investors LLC	Apartment Complex	34,922,818	6	-	0
Paradise Park Masonic Club	Housing Development	27,553,062	4	-	0
Totals		$ 616,887,417	100 %	$ -	0 %

Note: Principal taxpayer data for fiscal year 2013-2014 is derived from the 2013 tax roll, which was billed and collected during 2014.
Data for fiscal year 2003-2004 is derived from the 2003 tax roll, which was billed and collected during 2005.

[1] Percentage of total assessed valuation for 2013-2014 is calculated from the total net assessed valuation of $34,123,151,535.

[2] Percentage of total assessed valuation for 2004-2005 is calculated from the total net assessed valuation of $25,799,626,103.

[3] Taxes Levied was determined to be a better indicator of Principal Taxpayers. The County's new tax system is unable to produce Taxes Levied for tax years prior to 2013-2014.

COUNTY OF SANTA CRUZ
PRINCIPAL EMPLOYERS
CURRENT AND FIVE YEARS AGO

Employer	Product/Service	Number of Employees 2013-2014[1]	Percentage of Total Employment 2013-2014[2]
University of California at Santa Cruz	Education	1,000-4,999	2.08 %
Pajaro Valley Unified School District	Education	1,000-4,999	2.08
County of Santa Cruz	County Services	1,000-4,999	2.08
Dominican Hospital	Hospital	1,000-4,999	2.08
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.08
Cabrillo College	Education	500-999	0.52
City of Santa Cruz	City Services	500-999	0.52
Threshold Enterprises	Manufacturing	500-999	0.52
Watsonville Community Hospital	Hospital	500-999	0.52
West Marine	Retail	500-999	0.52
Plantronics	Telephone Apparatus Mfg.	500-999	0.52
Santa Cruz City School District	Education	500-999	0.52

Employer[3]	Product/Service[3]	Number of Employees 2009-2010[3]	Percentage of Total Employment 2009-2010[3]
University of California at Santa Cruz	Education	1,000-4,999	2.20 %
Pajaro Valley Unified School District	Education	1,000-4,999	2.20
County of Santa Cruz	County Services	1,000-4,999	2.20
Dominican Hospital	Hospital	1,000-4,999	2.20
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.20
Cabrillo College	Education	500-999	0.55
Santa Cruz City School District	Education	500-999	0.55
City of Santa Cruz	City Services	500-999	0.55
Seagate Technology	Disc Drives	500-999	0.55
Watsonville Hospital	Hospital	500-999	0.55
West Marine	Retail	500-999	0.55
Plantronics	Telephone Apparatus Mfg.	500-999	0.55

[1] Number of employees reflects a range provided by California Employment Development Department (EDD) data.
[2] Average of the reported range divided by total civilian employment of 144,300 as reported by the EDD for June 2014.
[3] Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2010.

COUNTY OF SANTA CRUZ
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Public Assistance										
Human Services Department										
Adult Protective Services										
Referrals received	605 [2]	603 [1]	626	547	542	585	610	585	664	618
Investigations completed	422 [2]	420 [1]	386	352	320	416	468	432	370	390
Family and Children's Services										
Annual referrals (families)	2,288 [2]	2,457 [1]	3,200 [1]	2,870	2,624	3,096	3,093	2,979	3,100	3,348
Finalized adoptions	65 [2]	58 [1]	51 [1]	41	32	42	41	43	41	41
Licensed foster homes (monthly average)	109 [2]	106 [1]	112 [1]	105	100	109	124	123	113	109
Benefit Services										
Average number of Medi-Cal recipients	43,174 [2]	37,971 [1]	31,624 [1]	30,786	28,998	27,487	26,655	25,427	24,135	21,723
Public Ways and Facilities										
Public Works										
Roads										
Miles of road maintained	600	600	600	600	600	600	600	600	600	600
Potholes repaired	4,130	3,700	4,500	3,552	2,500	2,500	3,500 [3]	5,500 [3]	5,500 [3]	5,500
Minor culverts maintained	2,262	2,262	2,262 [4]	1,010	2,000	2,000	2,000	2,200	2,262	2,261
Bridges and major culverts maintained	160	160	160	160	160	160	160	159	159	159
Traffic signs replaced/repaired	1,452	1,463	1,516	1,850	1,029	1,400	1,475	2,200	2,425	2,400
Miles of street swept	1,607	1,800	1,555	1,465	4,000	4,500	5,000	5,000	4,550	5,000
Sanitation										
Miles of pipe maintained	236	236	230	230	230	222	222	222	222	222
Maintenance call responses	100	138	168	182	238	216	272	501	381	127
Landfill										
Waste generated (tons)	166,594	139,529	138,448	139,365	153,873	164,717	183,993	229,877	230,000	201,000
Waste disposed (tons)	79,292	60,974	61,503	71,470	71,701	76,203	77,745	99,423	87,400	86,430
Recreation and Cultural Services										
Parks, Open Space, and Cultural Services										
Facility bookings	7,532	6,877	6,114	5,545	5,942	5,772	6,114	7,389	7,238	7,096
Recreation registrations	6,831	6,218	6,165	6,273	5,518	5,888	4,982	4,898	4,777	4,343
Swim admissions	158,573	130,059 [5]	77,022	76,334	90,771	86,834	82,800	78,126	76,746	77,522

Sources: Various County Departments

[1] Prior period reported an estimate which has been restated here to reflect actual data.
[2] Data is estimated as presented in the 2013-2014 Proposed Budget.
[3] Prior periods reported a range which has been averaged here.
[4] Prior period restated here consistent with Capital Assets Statistics by Function.
[5] Current period includes admissions for Parks, Open Space, and Cultural Services-sponsored programs and private parties.
Prior periods included only admissions for Parks, Open Space, and Cultural Services-sponsored programs.

COUNTY OF SANTA CRUZ
OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Public Protection										
Agricultural Commissioner										
High risk quarantine inspections	1,600 [2]	1,569 [1]	1,450	1,669	1,900	2,800	2,640	2,894	2,686	2,600
District Attorney										
Criminal Prosecution										
Felony filings	2,062 [2]	2,322 [1]	2,164	2,169	2,457	2,155	2,128	2,210	2,251	2,551
Juvenile filings	660 [2]	709 [1]	799	503	594	731	1,046	813	714	1,046
Consumer Affairs										
Number of calls received	2,100 [2]	2,410 [1]	2,345	2,410	2,622	2,880	2,960	3,008	3,165	3,046 [3]
Number of written complaints received	210 [2]	195 [1]	272	302	462	288	440	375	228	206
Planning										
Building permits issued	3,820 [2]	3,446	2,899	2,787	2,463	2,611	3,162	3,651	3,894	3,616
Building permit inspection sites visited	10,900 [2]	8,700	8,601	7,620	7,093	9,353	10,061	11,862	12,157	12,247
Code compliance cases resolved	80 [2]	112	249	228	400	574	1,192	871	907	1,025
Probation										
Juvenile division referrals	n/a [3]	1,160	1,453	1,613	1,649	2,323	2,378	2,411	2,222	2,671
Juvenile division petitions filed	n/a [3]	445	637	851	880	1,166	1,148	1,260	1,216	1,236
Juvenile court investigations	n/a [3]	54	96	110	116	178	183	218	249	284
Public Defender										
Total cases	11,250 [2]	11,268 [1]	10,731	10,311	10,805	12,385	12,455	12,642	12,604	12,290
Sheriff/Coroner (Investigation Division)										
Total cases reviewed	n/a [3]	10,686	10,989	11,660	12,535	12,929	12,617	12,529	13,046	13,046
Total arrests	n/a [3]	188 [4]	98	269	307	238	254	347	420	584
Detention										
Main jail bookings	10,487	9,658	10,699	12,274	12,716	13,576	12,941	13,479	13,109	12,721
Weights and Measures										
Establishments visited	1,200 [2]	1,043 [1]	1,027	1,139	1,500	1,742	1,836	2,093	2,175	2,051
Special District										
Mosquito Abatement/Vector Control CSA #53										
Mosquito inspections	3,000 [2]	3,342 [1]	3,885	4,500	5,515	5,515	4,396	4,462	4,547	3,052

Sources: Various County Departments

Note: Indicators are not available for the General Government, Health and Sanitation, and Education Functions.
Trend information is only available for the last ten fiscal years following the County's implementation of GASB Statement No. 34.

[1] Prior period reported an estimate which has been restated here to reflect actual data.

[2] Data is estimated as presented in the 2013-2014 Proposed Budget.

[3] Data is presented on a calendar year basis, which is not yet available.

[4] Most misdemeanor cases previously handled by the Investigation Division were referred for follow-up to the Patrol Division.

COUNTY OF SANTA CRUZ
BUDGETED POSITIONS
LAST TEN FISCAL YEARS

DEPARTMENT/FUNCTION	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
COUNTY ADMINISTRATIVE OFFICE	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
AGRICULTURAL COMMISSIONER[1]	20.00	20.00	21.00	22.00	22.00	19.75	19.70	19.60	19.40	19.40
MOSQUITO ABATEMENT/VECTOR CONTROL	4.00	4.00	8.00	8.00	9.00	9.00	8.00	8.00	8.00	9.00
AGRICULTURAL EXTENSION	2.00	2.00	2.00	2.00	2.00	1.75	1.00	1.00	1.00	1.00
ASSESSOR	38.00	38.00	38.00	38.00	37.50	35.50	33.50	33.25	33.25	33.25
AUDITOR-CONTROLLER	29.00	29.00	29.50	29.50	29.50	29.00	29.00	29.00	29.00	29.00
BOARD OF SUPERVISORS	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
RECORDER	12.00	13.00	13.00	13.00	11.00	11.00	11.00	11.00	11.00	11.00
COUNTY CLERK/ELECTIONS	11.00	10.00	12.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
COUNTY COUNSEL	19.00	19.50	19.50	19.50	19.00	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	84.50	81.50	85.50	91.50	92.50	92.50	90.50	89.50	89.50	89.50
CHILD SUPPORT SERVICES	70.50	68.50	68.50	69.50	66.50	66.50	65.50	62.00	63.00	64.00
EMERGENCY SERVICES	3.00	1.75	1.75	2.00	3.75	2.00	2.00	2.00	2.00	2.00
COMMUNICATIONS	6.00	6.00	-	-	-	-	-	-	-	-
FIRE MARSHALL	1.00	1.00	1.55	2.30	-	-	-	-	-	-
GENERAL SERVICES	9.00	11.00	11.00	11.00	9.00	9.00	9.00	8.80	8.80	8.80
FACILITIES MAINTENANCE	36.00	37.00	38.00	47.75	47.00	47.00	44.00	44.00	44.00	44.00
CENTRAL STORES/DUPLICATING	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PURCHASING	4.00	4.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
SERVICE CENTER	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	546.60	577.60	647.75	661.05	526.55	486.50	498.25	522.00	508.05	512.40
HUMAN SERVICES	432.60	481.10	511.10	527.60	463.00	445.50	434.50	435.50	441.00	489.50
PUBLIC GUARDIAN[2]	9.00	-	-	-	-	-	-	-	-	-
VETERANS SERVICES	3.00	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	4.00
INFORMATION SERVICES/TELEPHONE	73.25	71.25	78.25	78.25	76.25	65.00	65.00	64.00	64.50	64.50
INFORMATION SERVICES/COMM. TECH.	-	-	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
PARKS OPEN SPACE AND CULTURAL SERVICES	53.55	53.05	53.75	57.00	56.00	47.50	42.10	29.80	34.80	33.80
PERSONNEL	22.50	22.50	23.50	27.50	27.50	25.50	24.50	24.25	24.25	24.50
RISK MANAGEMENT	10.75	9.75	10.75	10.75	10.75	12.00	11.00	11.00	11.00	11.00
PLANNING	98.50	99.25	99.25	100.00	100.00	87.25	75.60	63.25	66.00	66.00
PROBATION	86.00	88.00	90.00	101.00	94.00	81.00	77.00	77.50	93.75	98.25
JUVENILE HALL	33.00	32.00	31.00	31.00	31.00	30.50	30.50	30.50	30.50	30.50
PUBLIC WORKS	298.00	296.00	303.50	300.50	290.00	274.00	272.50	272.50	267.50	267.50
RDA	11.00	13.00	13.00	14.00	14.00	22.00	22.00	1.00	1.00	1.00
SHERIFF-CORONER	169.00	170.50	172.75	177.25	176.25	173.75	170.75	171.00	171.00	170.00
CORRECTIONS	136.00	138.00	144.00	148.00	168.00	165.25	155.00	156.50	164.50	145.00
COURT SECURITY	22.00	23.00	24.00	26.00	26.00	26.00	25.00	24.00	24.00	24.00
TREASURER-TAX COLLECTOR	15.50	15.75	16.25	16.25	16.75	14.75	13.50	13.50	13.50	13.50
TOTAL	2,413.25	2,486.00	2,627.15	2,705.20	2,496.80	2,370.00	2,318.90	2,292.95	2,311.80	2,350.90

[1] Weights and Measures was incorporated-into the Agricultural Commissioner

[2] On July 1, 2005, the Public Guardian was transferred to Health Services Agency. Its positions are incorporated into Health Services Agency.

COUNTY OF SANTA CRUZ
SCHEDULE OF INSURANCE IN EFFECT
JUNE 30, 2014

COVERAGE	DETAILS OF COVERAGE	LIMITS
Property	CSAC-EIA	
	Blanket buildings and equipment including EDP, Vehicles, Contractors' Equipment, Boiler, and Machinery. All Risk, flood, replacement cost-agreed amount including earthquake at scheduled locations	
	All Risk Limits (portion of limits are shared)	$ 600,000,000
	Earthquake Limits (portion of limits are shared)	415,000,000
	Deductible	5,000
Crime Bond Blanket Program	CSAC-EIA	
	Faithful Performance Bond (covers failure to faithfully perform duties and employee dishonesty). Includes all employees and Treasurer	15,000,000
	Deductible	2,500
Non-Owned Aircraft	National Union Fire Insurance Company	
	Includes passengers' bodily injury, terrorism, and property damage combined each occurrence	5,000,000
	Medical Expense/Passenger Deductible	5,000
Excess Workers' Compensation Employer's Liability	CSAC-EIA	
	Workers' Compensation	Statutory Limits
	Employer's Liability	
	$500,000 Self-Insured Retention Deductible (per occurrence)	
	Workers' Compensation and Employer's Liability	
Medical Malpractice and General Liability	CSAC-EIA	
	Comprehensive hospital professional and general liability for HSA staff and operations and Jail Medical Unit	21,500,000
	Deductible	10,000
Fine Arts	Travelers	125,000
	Deductible	500
Excess Liability (GLII)	CSAC-Excess Insurance Authority	
	Excess Liability Insurance	25,000,000
	$1,000,000 Self-Insured Retention to $25,000,000	
Optional Excess	CSAC - Excess Insurance Authority	
	$10,000,000 excess of $25,000,000	35,000,000
Catastrophic Liability	CSAC - Excess Insurance Authority	
	Upper layer of coverage in Optional Excess and GLII	50,000,000
County Fire Auto and Liability Insurance	Wells Fargo, American Alternative Insurance Corp.	3,000,000
	Includes property insurance for County owned fire stations including contents, business interruption, money and securities, boiler, and machinery	
	Host Liquor Liability (included in GL)	
	Deductible	1,000
	Equipment Deductible	100
	Auto Liability	1,000,000
	Sublimits: Uninsured/Underinsured	60,000
Pollution Program	CSAC-EIA	
	Pollution Program (per occurrence)	10,000,000
	Self-Insured Retention Deductible	250,000
Cyber Liability	CSAC_EIA	
	Claims Made Policy protecting against information security, and privacy insurance with electronic media liability	2,000,000
	Self-Insurance Retention Deductible	50,000

COUNTY OF SANTA CRUZ
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Function										
Public protection										
Jail facilities	3	3	3	3	3	3	3	3	3	3
Rehabilitation center	1	1	1	1	1	1	1	1	1	1
Juvenile center	1	1	1	1	1	1	1	1	1	1
Courthouses	3	3	3	3	3	3	3	2	2	2
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	1	-	-	-	-	-	-	-	-	-
Public assistance										
Child day care center	1	1	1	1	1	1	1	1	1	1
Elder day care center	1	1	1	1	1	1	1	1	1	1
Residential care facility	1	1	1	1	1	1	1	1	1	1
Volunteer center	1	1	1	1	1	1	1	1	1	1
Veterans centers	2	2	2	2	2	2	2	2	2	2
Behavioral Health Unit	1	-	-	-	-	-	-	-	-	-
Recreation and cultural services										
Parks acreage	228	226	225	223	223	223	223	223	223	223
Sites	60	59	59	57	57	57	57	55	56	55
Athletic fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	4	4	4	4	4	4	2	2	2	2
Public ways and facilities										
Roads										
Pavement (miles)	300	600	600	600	600	600	600	600	600	600
Junction structures	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Minor culverts	2,262	2,262	2,262	1,010	2,000	2,000	2,000	2,200	2,262	2,261
Bridges and major culverts	160	160	160	160	160	160	160	159	159	159
Sanitation										
Pipe (miles)	236	236	230	230	230	222	222	222	222	222
Pump stations/treatment plants	63	63	62	62	62	62	62	62	62	62
General government										
Administrative/other facilities[1]	12	11	11	10	10	10	10	10	10	10

[1] Includes buildings and centers utilized by various departments within different functions.

GLOSSARY

(UNAUDITED)

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events, and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See DUE FROM OTHER FUNDS.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations, or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

ASSIGNED FUND BALANCE. Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making authority or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities, and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to *when* revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual basis.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term “budget” is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant, and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government’s general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant, or equipment, usually for a stated period of time. See LEASE-PURCHASE AGREEMENTS.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFRs and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMMITTED FUND BALANCE. Amounts that can only be used for specific purposes determined by formal action of the County’s highest level of decision-making authority (the Board of Supervisors), and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

COMPENSATED ABSENCES. Absences, such as vacation and illness, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation, or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all fund and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit’s official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance related legal and contractual provisions, and statistical data.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

COST-SHARING MULTIPLE-EMPLOYER PLAN. A single plan with pooling (cost-sharing) arrangements for the participating employers. All risks, rewards, and costs, including benefit costs, are shared and are not attributed individually to the employers. A single actuarial valuation covers all plan members and the same contribution rate(s) applies for each employer.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for State and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g., bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES. The consumption or acquisition of net assets in one period that are applicable to future periods.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net position. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net position, debt service and capital outlays, and intergovernmental grants, entitlement, and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services, or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual State or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g., receivables, investments). Financial resources may also include inventories and prepaids (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agency, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements.*

FUND TYPE. Anyone of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The General Fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for State and local governments are set forth by Statements of Auditing Standards (SAS) No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles" in the Independent Auditor's Report.*

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting, and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for State and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the General Fund, special revenue funds, debt service funds, capital projects funds, and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net position and the statement of activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of the period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The General Fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other governmental or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the entity's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements, and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g., bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds, and agency funds are accounted for using the modified accrual basis of accounting.

NET INVESTMENT IN CAPITAL ASSETS. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NET POSITION. The residual of all other elements of the statement of financial position. In other words, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources.

NONSPENDABLE FUND BALANCE. Amounts that cannot be spent because they are either (1) not spendable in form or (2) legally or contractually required to be maintained intact.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share that property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

PRIVATE PURPOSE TRUST FUND. Trust fund used to report resources of other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the Federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data, or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net position that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED FUND BALANCE. Amounts with constraints placed on their use that are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET POSITION. A component of net position calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self-insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations.* The Single Audit Act allows or requires governments (depending on the amount of Federal assistance received) to have one audit performed to meet the needs of all Federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities, and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments, and/or other funds.

UNASSIGNED FUND BALANCE. The residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESERVED FUND BALANCE. That portion of a fund balance available for spending or appropriation in the future.

UNRESTRICTED NET POSITION. That portion of net position that is neither restricted nor invested in capital assets (net of related debt).

COUNTY OF SANTA CRUZ

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2014

COUNTY OF SANTA CRUZ
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

MAIN OFFICE
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

221 E. WALNUT STREET
SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Santa Cruz (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 29, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 29, 2014

BROWN ARMSTRONG
CERTIFIED PUBLIC ACCOUNTANTS

MAIN OFFICE
4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CALIFORNIA 93711
TEL 559.476.3592
FAX 559.476.3593

221 E. WALNUT STREET
SUITE 260
PASADENA, CALIFORNIA 91101
TEL 626.204.6542
FAX 626.204.6547

5250 CLAREMONT AVENUE
SUITE 237
STOCKTON, CA 95207
TEL 209.451.4833

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BROWN ARMSTRONG
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Honorable Board of Supervisors
of the County of Santa Cruz, California
Santa Cruz, California

Report on Compliance for Each Major Federal Program

We have audited County of Santa Cruz's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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 for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 29, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of management, County Board of Supervisors, others within the County, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 29, 2014

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Total Federal Expenditures
U.S. Department of Agriculture			
Passed through California Department of Food and Agriculture			
Phytophtora Ramorum	10.025	13-0318-SF	$ 33,643
Glassy-Winged Sharpshooter	10.025	12-0132-SF	52,231
Enhanced Exotic Pest Survey	10.025	13-0069	56,816
Subtotal			142,690
LBAM TASC	10.604	13-0549-SF	8,270
CalFRESH Employment and Training (CFET)	10.561	--	43,025
CalFRESH Enhanced	10.561	--	11,149
CalFRESH and Staff Development	10.561	--	5,409,909
Subtotal			5,464,083
Passed through California Department of Education			
National School Lunch Program	10.555	44-3447-90003419-01	32,208
Total U.S. Department of Agriculture			5,647,251
U.S. Department of Housing and Urban Development			
Direct Programs			
Supportive Housing Program - Match III	14.235	CA1074B9T081100	29,543
Supportive Housing Program - Match II (Housing for Hospital)	14.235	CA0960B9T081000	32,623
Subtotal			62,166
Supportive Housing Program - Match (Meaningful Answers)	14.267	CA0231L9T081205	390,432
Passed through California Department of Housing and Community Development			
Community Development Block Grant - Disaster Recovery Initiative	14.228	11-DRI-7557	30,095
Community Development Block Grant	14.228	10-STBG-6737	609,190
Community Development Block Grant	14.228	12-STBG-8411	738,275
Subtotal - Community Development Block Grant Cluster			1,377,560
Home Investment Partnerships Program	14.239	11-HOME-7891	26,790
Total U.S. Department of Housing and Urban Development			1,856,948
U.S. Department of Justice			
Direct Programs			
Criminal Alien Assistance Program	16.066	--	161,609
Federal Asset Forfeiture	16.111	--	4,441
Recovery Act Edward Bryne Memorial Competitive Grant Program	16.808	2009-IJ-CX-0208	1,059
Passed through California Emergency Management Agency			
Victim Witness Assistance Program	16.575	VW13320440	81,302
Unserved/Underserved Victim Advocacy and Outreach Program	16.575	UV12030440	15,646
Unserved/Underserved Victim Advocacy and Outreach Program	16.575	UV13040440	115,833
Subtotal			212,781
Aftercare Treatment Services Program	16.593	AF11010440	61,080

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Total Federal Expenditures
U.S. Department of Justice (Continued)			
Passed through California Board of State and Community Corrections			
Juvenile Accountability Block Grants Evidenced-Based Probation Programs	16.523	CSA 210-11	56,391
Edward Byrne Memorial Justice Assistance Grant 2012-2013	16.738	BSCC 613-12	73,980
Edward Byrne Memorial Justice Assistance Grant 2013-2014	16.738	BSCC 613-13	146,943
Subtotal - Edward Byrne Memorial Justice Assistance Grant Cluster			220,923
Total U.S. Department of Justice			718,284
U.S. Department of Labor			
Passed through California Department of Employment Development			
WIA Adult Programs - Title I - A Adult Formula	17.258	--	585,475
WIA Youth Activities Programs	17.259	--	982,353
WIA Title I-D Dislocated Worker Formula	17.278	--	825,850
WIA Title I Rapid Response for RA&PGM - Business Retention Survey	17.278	--	227,701
Subtotal - WIA Cluster			2,621,379
Total U.S. Department of Labor			2,621,379
U.S. Department of Transportation			
Passed through California Department of Transportation			
Highway Planning and Construction	20.205	ER-20EO(003)	24,485
Highway Planning and Construction	20.205	ER-20EO(010)	10,345
Highway Planning and Construction	20.205	ER-20EO(011)	13,275
Highway Planning and Construction	20.205	ER-20EO(012)	4,155
Highway Planning and Construction	20.205	ER-20EO(013)	26,559
Highway Planning and Construction	20.205	ER-20EO(014)	18,137
Highway Planning and Construction	20.205	ER-20EO(020)	63,838
Highway Planning and Construction	20.205	ER-4446-(002)	2,484
Highway Planning and Construction	20.205	ER-4446-(003)	2,008
Highway Planning and Construction	20.205	ER-4446-(005)	402,501
Highway Planning and Construction	20.205	BPMPL-5936(103)	11,139
Highway Planning and Construction	20.205	BPMPL-5936(104)	387,002
Highway Planning and Construction	20.205	BPMPL-5936(105)	106,946
Highway Planning and Construction	20.205	BPMPL-5936(106)	297,100
Highway Planning and Construction	20.205	BPMPL-5936(107)	3,131
Highway Planning and Construction	20.205	BPMPL-5936(113)	10,207
Highway Planning and Construction	20.205	BRLO-5936(061)	3,758
Highway Planning and Construction	20.205	BRLO-5936(086)	41,714
Highway Planning and Construction	20.205	BRLO-5936(089)	176,891
Highway Planning and Construction	20.205	BRLO-5936(091)	10,391
Highway Planning and Construction	20.205	BRLO-5936(092)	3,444
Highway Planning and Construction	20.205	BRLO-5936(093)	142,462
Highway Planning and Construction	20.205	BRLO-5936(094)	9,265
Highway Planning and Construction	20.205	BRLO-5936(095)	42,925
Highway Planning and Construction	20.205	BRLO-5936(096)	12,058
Highway Planning and Construction	20.205	BRLO-5936(097)	63,290
Highway Planning and Construction	20.205	BRLO-5936(111)	5,143
Highway Planning and Construction	20.205	BRLO-5936(112)	86,453
Highway Planning and Construction	20.205	HSIPL-5936(074)	2,978
Highway Planning and Construction	20.205	HSIPL-5936(080)	86,780
Highway Planning and Construction	20.205	HSIPL-5936(098)	27,293
Highway Planning and Construction	20.205	HSIPL-5936(099)	9,233
Highway Planning and Construction	20.205	HSIPL-5936(100)	4,996
Highway Planning and Construction	20.205	HSIPL-5936(111)	16,568
Highway Planning and Construction	20.205	RPSTPL-5936(033)	221,922
Highway Planning and Construction	20.205	RPSTPLE-5936(088)	109,426
Highway Planning and Construction	20.205	RPSTPLE-5936(088)	14,673
Highway Planning and Construction	20.205	SCCRTC CO51	155,725
Highway Planning and Construction	20.205	STPLZ-5936(083)	64,491
Subtotal - Highway Planning and Construction Cluster			2,695,191
Total U.S. Department of Transportation			2,695,191

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Total Federal Expenditures
U.S. National Highway Traffic Safety Administration			
Passed through California Office of Traffic Safety			
State and Community Highway Safety	20.600	OP1406	57,861
National Priority Safety Programs	20.616	OP1406	78,588
Total U.S. National Highway Traffic Safety Administration			136,449
U.S. Election Assistance Commission			
Passed through California Secretary of State			
Help America Vote Act	90.401	07G30131	43,926
Total U.S. Election Assistance Commission			43,926
U.S. Department of Health and Human Services			
Direct Programs			
Consolidated Health Centers - Health Services for the Homeless	93.224	H80CS00048	1,553,150
Substance Abuse and Mental Health Services - Project Home Base	93.243	T1021248-02	350,000
Substance Abuse and Mental Health Services - Leaps and Bounds	93.243	--	380,343
Substance Abuse and Mental Health Services - STOP Act	93.243	5H79SP019090-02	45,592
Subtotal			775,935
Drug Free Communities	93.276	5H79SP018550-03	118,211
Affordable Care Act Grants for Capital Development in Health Centers	93.526	C8ACS23781	532,084
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	H76HA00153	471,044
Passed through California Department of Social Services			
Guardian Assistance	93.090		40,249
State Planning and Establishment Grants for the Affordable Care Act Exchanges	93.525		237,761
Temporary Assistance for Needy Families - CalWORKS - Assistance	93.558	--	3,265,232
Temporary Assistance for Needy Families - Fraud Incentive - Assistance	93.558	--	7,209
Temporary Assistance for Needy Families - CalWorks Program and Staff Development	93.558	--	13,249,800
Temporary Assistance for Needy Families - EA - ER, ESC, CR	93.558	--	1,773,518
Temporary Assistance for Needy Families - CALWIN	93.558	--	787,567
Subtotal - Temporary Assistance for Needy Families Cluster			19,083,326
Children's Health Insurance Program - CALHEERS Interface - Title XXI	93.767		1,885
Refugee and Entrant Assistance - State Administered Programs	93.566		6,693
Adoption Opportunities - Roots and Wings	93.652		106,247

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed through California Department of Social Services			
Foster Care - Assistance	93.658	--	1,827,609
Foster Care - Title IV-E - AB2129	93.658	--	69,262
Foster Care - Title IVE and Staff Development Child Welfare Services	93.658	--	537,484
Foster Care - Foster Family Licensing	93.658	--	74,914
Foster Care - Options for Recovery	93.658	--	81,051
Foster Care - Title IV-E - Foster Care - Administration	93.658	--	231,067
Foster Care - Kinship and Foster Care Emergency Fund	93.658	--	5,880
Foster Care - Child Welfare Services - Group Home Monthly Visits PROBATION Portion-Pass Through	93.658	--	29,851
Foster Care Title IV-E - Probation	93.658	--	682,212
Foster Care - Child Welfare Services Outcome Improvement Project	93.658	--	87,500
Foster Care - EA - FC Emergency Assistance	93.658	--	508,690
Foster Care - Public Agency IV-E Pass-Through (SCCOE)	93.658	--	89,268
Passed through California Department of Health Services			
Foster Care - Family Preservation - Title XIX	93.658	--	112,606
Foster Care - Child Welfare Services - CWS Title IV-E	93.658	--	3,402,778
SACWIS-CWS	93.658	--	12,582
Subtotal			7,752,754
Adoption Assistance - Assistance	93.659	--	2,876,362
Adoption Assistance - Social Services	93.659	--	344,196
Adoption Assistance - Other Public Assistance	93.659	--	144,036
Subtotal			3,364,594
Social Services Block Grant - Child Welfare Services - Title XX	93.667	--	157,986
Social Services Block Grant - Title XX-FC	93.667	--	145,986
Subtotal			303,972
Community-Based Child Abuse Prevention Grants	93.590	--	18,089
Promoting Safe and Stable Families - PSSF and Staff Development	93.556	--	148,255
Promoting Safe and Stable Families - PSSF Case Worker Visits	93.556	--	5,498
Subtotal			153,753
Stephanie Tubbs Jones Child Welfare Services - Title IV-B	93.645	--	142,825
Chafee Foster Care - Independent Living Program	93.674	--	67,503
Passed through California Department of Child Support Services			
Child Support Enforcement - Santa Cruz County	93.563	--	4,268,171
Child Support Enforcement - San Benito County	93.563	--	1,148,977
Subtotal			5,417,148
Passed through California Department of Alcohol and Drug Programs			
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	10-NNA44	1,784,974
Passed through California Department of Health Services			
Adult Protective Services	93.569	--	623,113

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Total Federal Expenditures
U.S. Department of Health and Human Services (Continued)			
Passed through California Department of Social Services			
Medical Assistance - CALHEERS Interface - Title XIX	93.778		44,078
Passed through California Department of Health Services			
In Home Support Services - Title XIX and Staff Development	93.778	--	2,045,683
MEDI CAL 50% and Staff Development	93.778	--	15,051,736
Medical Assistance - Public Authority	93.778	--	731,767
Passed through the California Department of Mental Health			
Medicaid/Medical Administrative Costs	93.778	--	91,007
Medicaid Assistance Program	93.778	--	1,474,293
Medical Assistance Program - MediCal Administrative Activities	93.778	--	667,240
Subtotal - Medicaid Cluster			20,105,804
Passed through California Department of Health Services			
Maternal and Child Health Services Block Grant to the State	93.994	2010-44	199,603
Tuberculosis Control Local Assistance	93.116	5U52PS900515	27,285
Immunization Assistance	93.268	13-20451	99,317
Preparedness and Response to Bioterrorism	93.283	EPO CDC 07-44	432,020
Passed through the California Department of Mental Health			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1946001347j5	40,023
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1H79SM060152-01	327,182
Subtotal			367,205
State Children's Insurance Program	93.767	--	6,890
Block Grant for Community Mental Health Services (SAMHSA)	93.958	1946001347j5	121,953
Passed through California Secretary of State			
HAVA Polling Place Accessibility Training	93.617	13G26128	26,515
Total U.S. Department of Health and Human Services			63,941,902
U.S. Department of Homeland Security			
Direct Programs			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	--	67,074
Passed through Governor's Office of Homeland Security			
Homeland Security Grant Program FY2010	97.073	2010-0085	82,129
Homeland Security Grant Program FY2011	97.073	2011-0077	163,345
Homeland Security Grant Program FY2012	97.073	2012-SS-00123	111,442
Subtotal			356,916
Public Assistance Grants			
Disaster Grants - Public Assistance (2006 Spring Storms)	97.036	087-00000	37,537
Disaster Grants - Public Assistance (2005/2006 Winter Storms)	97.036	087-00000	15,144
Subtotal			52,681

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
YEAR ENDED JUNE 30, 2014

Federal Grantor/Program Title	Federal CFDA No.	Contract or Program Number	Total Federal Expenditures
U.S. Department of Homeland Security (Continued)			
Passed through California Emergency Management Agency			
Emergency Mgmt Performance Grant FY2013	97.042	2013-0047	109,181
Passed through Bay Area UASI Approval Authority			
Interoperable Emergency Communications Grant 2011	97.055	--	130,684
Interoperable Emergency Communications Grant 2012	97.055	--	289,942
Subtotal			420,626
Total U.S. Department of Homeland Security			1,006,478
Total Expenditures of Federal Awards			$ 78,667,808

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF SANTA CRUZ
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 – REPORTING ENTITY

The County of Santa Cruz (County) was established by an act of the State Legislature of California in 1850 and is governed by a five-member elected Board of Supervisors (Board). The Board is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including law and justice, education, detention, social, health, hospital, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

The financial reporting entity consists of: (1) the County; (2) organizations for which the County is financially accountable; and (3) organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The following entities are component units of the County:

Blended Component Units
Santa Cruz Flood Control and Water Conservation District – Zone 7
Santa Cruz County Public Financing Authority

Discretely Presented Component Unit
Santa Cruz County Sanitation District

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Consistent with the County's method of filing federal financial reports, the accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

A. Basis of Accounting

Funds received under the various grant programs have been recorded within the general, special revenue, and enterprise funds of the County. The County utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accrual basis of accounting is used for the enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (Schedule) is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133*, Audits of States, Local Governments, and Non-Profit Organizations.*

B. Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all Federal financial assistance programs of the County. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through from the State of California is included in the Schedule. The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the County.

NOTE 3 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided federal awards to subrecipients as follows:

Name of Program	CFDA No.	Amount
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	$ -
WIA Youth Activities - Santa Cruz County Office of Education	17.259	822,663
Projects for Assistance in Transition from Homelessness (PATH)	93.150	40,023
Child Support Enforcement - San Benito County	93.563	1,148,977
Block Grant for Community Mental Health Services (SAMHSA)	93.958	22,376
Block Grants for Prevention and Treatment of Substance Abuse (SAPT)	93.959	1,216,882
Total		$ 3,250,921

NOTE 4 – PASS-THROUGH ENTITIES' IDENTIFYING NUMBERS

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

NOTE 5 – LOANS OUTSTANDING

The following programs had federally-funded loans outstanding at June 30, 2014:

CFDA No.	Federal Grantor	County Department Administering Loans	Outstanding Balance at June 30, 2014	Outstanding Balance at June 30, 2013
14.228	CDBG	Planning	$ 295,189	$ 308,016
14.239	HOME	Planning	648,000	776,135
			$ 943,189	$ 1,084,151

COUNTY OF SANTA CRUZ
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	___ yes	_x_ no
• Significant deficiencies identified not considered to be material weaknesses?	___ yes	_x_ no
Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards:

Internal control over major programs:		
• Material weakness(es) identified?	___ yes	_x_ no
• Significant deficiencies identified not considered to be material weaknesses?	___ yes	_x_ no
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	___ yes	_x_ no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Program
10.561	Supplemental Nutrition Assistance Program
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,360,034	
Auditee qualified as low-risk auditee?	_x_ yes	___ no

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

COUNTY OF SANTA CRUZ
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

None.