

COUNTY OF SANTA CRUZ  
STATE OF CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



Prepared Under the Direction of

Mary Jo Walker, CPA  
AUDITOR-CONTROLLER-TREASURER-TAX COLLECTOR

## **Monterey Bay National Marine Sanctuary**

The Monterey Bay National Marine Sanctuary offers some of the world's best year-round whale watching. Designated in 1992, the sanctuary is a federally protected marine area offshore of California's central coast. The sanctuary contains our nation's largest kelp forests and one of North America's largest underwater canyons and closest-to-shore deep ocean environments. These habitats harbor an incredible variety of marine life.

Whales, dolphins, and seabirds concentrate in the sanctuary to feed. It's not uncommon to spot whales and dolphins from shore. Overall 27 species can be seen in the sanctuary. Humpback whales are mostly sighted during summer and fall as they feast on Krill. Humpbacks also dive in the sanctuary for schools of small fish such as anchovies and sardines. They can consume up to 3,000 pounds (1360 kg) of food per day! These endangered species often feed in the same spot for several days.

Cover Whale Photos by Efren B. Adalem

Cover Sanctuary Photo by Christine Candelaria

# *County of Santa Cruz, California*

*Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
June 30, 2015*

Prepared Under the Direction of  
Mary Jo Walker  
Auditor-Controller



**COUNTY OF SANTA CRUZ  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2015**

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# **INTRODUCTORY SECTION**

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# COUNTY OF SANTA CRUZ

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December 23, 2015

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 (the County) for the fiscal year ended June 30, 2015 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. 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 unmodified 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, *Audits of State, 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 generally accepted accounting principles. 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-Treasurer-Tax Collector, County Clerk, District Attorney and Sheriff-Coroner are elected officials and all other department 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 271,646. 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. 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 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, with an increase in assessed values of 3.9%, followed by 7.1% in fiscal year 2014-15, and 6.4% in fiscal year 2015-16. Property-related tax revenues comprise about 78% of the County's total tax revenues, so changes have a dramatic effect not only on the County, but 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 10% 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 42% during the next five fiscal years through 2014-2015. Sales tax receipts have continued to increase slightly during fiscal year 2015-2016. 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 7% of the County's total tax revenues, Ebb and flow with the economy, but have increased about 85% over the past five 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 rate increase accounted for approximately \$600,000 annually in the increased Transient Occupancy Tax, with the rest of the increased tax derived from higher occupancy and room rates. Unemployment in the County has slowly returned to normal levels. The unemployment rate at June 30, 2015 was 6.2%, which is less than half of what it was since the record high of 15.5% in February 2010, and slightly below the area's historical average of about 6.5%.

The County's General Fund revenues increased by \$25.5 million from \$378.8 million in fiscal year 2013-2014 to \$404.3 million in fiscal year 2014-2015, an increase of about 7.0%. Property taxes increased by 7% as mentioned earlier. There were increases in licenses and permits sold and a 9% increase in charges for services. Intergovernmental revenue increased by \$13.8 million primarily due to a \$5 million State Mandate program reimbursement, a \$5 million increase in State aid for Medi-Cal and other health programs, and \$2 million in Federal food stamps assistance.

The County General Fund increased its expenditures by \$19.5 million from \$370.7 million in fiscal year 2013-2014 to \$390.2 million in fiscal year 2014-2015, or about 5.0%. The increases were primarily in public protection and public assistance. General government activities have been held to basic levels for many years and, fortunately, the use of technology has allowed the County to meet rapidly expanding requirements without significant new resources. Increased expenditures in the health and human services program have relied on considerable growth in federal and state grants.

Despite the difficult economic climate, the County has maintained its General Fund reserves within the minimum level. Total General Fund balance was \$50.2 million at June 30, 2015, an increase of \$9.5 million from \$40.7 million at June 30, 2014. General Fund committed and assigned designations totaled \$36.5 million at June 30, 2015, a decrease of \$1.1 million from \$37.6 million at June 30, 2014, not including \$12.6 million assigned to fund next year's budget.

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, 2015, of \$31.5 million (excluding amounts assigned to fund the fiscal year 2015-16 budget) were at 7.0% of fiscal year 2015-16 budgeted revenues.

The County's fiscal year 2015-16 adopted budget reflects some economic improvements. However, the County has yet to recover from the ongoing structural deficit caused by the Great Recession. The County continues to rely on fund balance to address the deficit. In addition to reducing the ongoing structural budget deficit, the fiscal year 2015-16 adopted budget focuses on maintaining operations, budgeting for the increases in the cost of doing business including salaries and benefits, responding to numerous statutory changes including the Affordable Care Act and Public Safety Realignment, improving reserves, restoring public safety services, expanding economic development in the County, and beginning to address the many deferred maintenance projects. 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 2015-2016 and beyond.

The independent California Legislative Analyst's Office (LAO) projected a \$1.2 billion operating surplus (revenues less expenditures) in fiscal year 2014-2015, resulting in a \$2.8 billion reserve at June 30, 2015. For the following fiscal year 2015-2016, the LAO is projecting a \$5.0 billion surplus, resulting in a \$7.9 billion

reserve at June 30, 2016. The LAO projects the State's revenues (personal income tax, sales tax and corporate income tax) will grow moderately through fiscal year 2016-2017 when the State's projected operating surpluses reach \$11.5 billion. The State's temporary personal income tax and sales tax rate increases under Proposition 30 expire at the end of 2018, resulting in a more gradual ramping down of these revenues after that year. This helps prevent a "cliff effect" in the LAO's forecast, as projected operating surpluses continue to grow in 2017-2018 through 2019-2020.

The statewide historical average unemployment rate in California since 1976 is 7.5%. At June 30, 2015, unemployment was 6.3%, well below the historical average, and far better than the record high of 12.2% six years ago. The California Department of Finance projects it will continue declining over the next few years.

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. The largest portion of the redistribution goes to the schools which offsets required State education spending, thereby creating savings for the State. Through January 2015, \$36.4 million of former redevelopment funds have been redistributed from the five redevelopment agencies within Santa Cruz County and its cities, and into the general funds of the local cities, county, special districts and schools. Statewide, \$6.3 billion of former redevelopment funds have been redistributed.

The California Public Employees Retirement System (CalPERS) pension fund, in which Santa Cruz County employees participate, 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 just 2.4% on its investments for the year ended June 30, 2015, following gains of 18.4%, 12.5%, 1.0%, 20.7% and 11.1% in the five 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 7.5%. 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 7.9% in 2015, and will increase by about 6.6% for 2016.

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 pesticide use enforcement division enforces laws and regulations for the safe use of pesticides. Our weights and measures division strives to promote equity in the marketplace and ensure accurate weight, measure, and count. Our mosquito and vector control division manages pests, called vectors, that are a threat to human health.
- 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 212 document submitters. E-Recording saves staff time and allows for quicker receipt of documents.

- The Auditor-Controller and the Treasurer-Tax Collector Offices were consolidated in January 2015. The office led the effort to implement Phase I of a comprehensive new financial and procurement system in May 2015, including the core accounting modules. Phase 2 will be implemented in the winter of 2015, and will include budgeting and various other modules. Refining the new financial system will be a priority in the coming year, as well as continued refinement of the new property tax system that was implemented in 2012. The office will continue to expand its delinquent court fine collection program and the central collections functions on behalf of other County departments. In response to a voter approved cannabis business tax in November 2014, the office began collecting and monitoring that tax, and will continue to improve its collection and reporting efforts over the next few years.
- Child Support Services continues to strive for improved customer service and expanded access to our program through new services and additional outreach activities. MoneyGram located in CVS stores and PayNearMe located in 7-Eleven stores are two new payment options for our customers. In fiscal year 2014-2015 the department collected over \$18 million in child support payments: \$13,797,150 in Santa Cruz and an additional \$4,631,697 in San Benito. The Santa Cruz-San Benito region maintained prior year performance and continues to excel on the key federal performance measures.
- The County Administrative Office made significant efforts in fiscal year 2014-2015 on a water district merger between Lompico Water and San Lorenzo Valley Water Districts, continued collaboration for county wide Library services and acquisition of property to develop and expand library services for the Felton community, office space reallocation prompted by completion of new Center for Public Safety, development of a new county wide Strategic Plan to address homelessness, and an assessment of Broadband assets which will support a Broadband Master Plan. In addition, the County Administrative Officer continues to play a major role with the statewide justice reform and public safety fund allocation through service as a Governor-appointed member on the Board of State and Community Corrections (BSCC), and as Chair of the BSCC subcommittee on data and research.
- In fiscal year 2014-2015, the County Clerk/Elections Office conducted the November 4, 2014 Statewide General Election. The department also conducted a special election on February 24, 2015, for the Lompico County Water District and June 2, 2015, for the Pajaro Dunes Geologic Hazard Abatement District. The department continues to provide services in many areas such as issuing marriage licenses (1,958 issued), performing marriage ceremonies (458 performed), accepting passport applications (5,972 accepted), and issuing fictitious business statements (2,515 issued). The department continues to offer Saturday passport hours at least quarterly and provide clerk services in 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 contributed significantly to the Board of Supervisors' (the Board) medical marijuana regulation and enforcement efforts. This office 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 a significant number of homicides and other violent felonies. The office continued its leadership of the County-wide Gang and Narcotics Task Forces to combat violent gang and drug-related activities. The 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. The District Attorney's Office also, in collaboration with the City of Santa Cruz, spearheaded the eight-month pilot Downtown Accountability Program, which was tremendously successful and has now become the Bob Lee Partnership for Accountability, Connection and Treatment (PACT). It 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 to address the operational needs of the County, despite significant limitations in both staff and budget. In collaboration with other departments, accomplishments include completion of the 1020 Emeline Lobby remodel, the Watsonville Health Center Expansion Project and the pedestrian ADA improvements at the 701 and Freedom campuses. The Facilities Division work in implementing additional energy efficiency projects is planned in 2015-2016. The 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. Purchasing actively participated in the implementation of the first phase of the County's new financial management system, and was key to the success of the transition of the purchasing module, including a corresponding update of the County's purchasing regulations and procedures.

- The Health Services Agency (HSA) implements policy set by the Board of Supervisors, follows regulations promulgated by the regulatory federal, state and local agencies and provides health education, advocacy, planning and clinical services designed to promote and protect the health of the community. Services areas include: Public Health, Environmental Health, Federally Qualified Health Centers (FQHC), Mental Health, Substance Abuse treatment and indigent health care provided directly and through contract providers. HSA effectively 1) embraced our first year implementation of the Affordable Care Act (ACA)'s Medicaid expansion, 2) received national recognition for clinics as "Patient Centered Medical Homes", 3) provided over 248,283 health visits to Santa Cruz residents, over 10,000 environmental health regulatory inspections and oversight of site monitoring and clean-up activities, 4) continues to operate the successful Syringe Services Program, 5) opened an expanded health and dental clinic to serve the homeless and other low income residents in South County.
- The Human Services Department is leveraged by federal and state funding and provides a wide range of safety net services. Approximately 78,000 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). This act provided 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 efforts continue to be implemented to ensure that the newly eligible Medi-Cal population is enrolled for both health insurance and CalFresh benefits.
- The Information Services Department completed the migration of business applications off the mainframe computer with the last system retired in May 2015 and the mainframe itself turned off in July 2015. The department successfully shifted gears launching its own mobile application, Citizen Connect, in June 2015, allowing the public to report issues and get information about County Services from their mobile devices. The modernization of the technology infrastructure was completed and half of the County departments have migrated to the new Voice Over IP Phone system, allowing teleconferencing, in house moves, voicemail to email and transparent call forwarding, all features designed to make it easier to do business with County staff.
- The Department of Parks, Open Space, and Cultural Services continued to work in collaboration with other agencies, departments and non-profit organizations to provide high quality Recreation and Arts throughout the community. The department offers a wide diversity of programs at the Simpkins Family Swim Center, Quail Hollow Ranch Park, and Aptos Village Park. The Aquatics and Recreation divisions are actively exploring opportunities to expand programming into both the San Lorenzo Valley and South County. In addition, the department manages major capital improvement projects. After the approval of Measure F, the Heart of Soquel Plaza Phase 1 and Farm Park Habitat Improvement/Community Garden Project were completed. Seacliff Village Park Phase 1 and Quail Hollow Restoration projects are currently approved for construction and are expected to be completed in fiscal year 2015-2016.
- 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, 2) achieving long-term collective bargaining agreements with our labor unions, and 3) re-inventing and modernizing our internal employee training programs and recruitment efforts.
- The Planning Department completed a number of efforts. The Sustainable Santa Cruz County Plan was approved by the Board of Supervisors in October 2014, and an Economic Vitality Vision & Strategy and its companion Economic Vitality Study were approved in November 2014. A comprehensive update of Affordable Housing Regulations and related density bonus and other code provisions was completed in February 2015, including adoption of an Affordable Housing Impact Fee (AHIF). A Draft Housing Element Update was prepared, and a final version will be adopted at the end of 2015. County Zoning Code amendments were drafted for the comprehensive modernization of zoning district land use regulations and permit processing procedures, which will be the subject of an Environmental Impact Report to be prepared in 2016.



- The Probation Department includes the following Divisions: Juvenile and Adult Probation and Juvenile Hall. The department has adopted key evidence-based supervision strategies to meet objectives of reducing crime, reducing victimization, maximizing resources and being good stewards of the public's money used to address issues related to moderate to high risk offenders. Adult probation services include community supervision of probation and AB 109 offenders, pretrial services and jail alternative programs, and pre-sentence investigations for the criminal courts. Juvenile probation services include intake, investigation reports, community supervision for youthful offenders who reside in the community and out-of-home placement supervision services for youth removed from their homes. Juvenile probation is also responsible for providing alternatives to detention programs to avoid unnecessary use of detention. The Adult Division maintains intensive and specialized case loads for serious violent, severely mentally ill, AB 109 and sex offenders.
- 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, oversight and engineering for solid waste disposal services and recycling programs and construction management services. 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 two three-year grants related to Mentally Ill Offender Crime Reduction Grant and for a Recovery Center from the State of California for inmates. The Sheriff's Office is still in the process of renovating the existing minimum security building at the Rountree Men's 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 throughout the County by funding three Deputy Sheriff positions that were previously unfunded in Patrol, one Sergeant position in the Investigations Division, and one Deputy Sheriff for the Civil Program. The Sheriff's Office has completed moving its operations to the centrally located Headquarters in Live Oak.

## **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 unmodified 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 auditors' report on the financial statements is included in the financial section of this report. The auditors' 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 of Santa Cruz for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report 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.

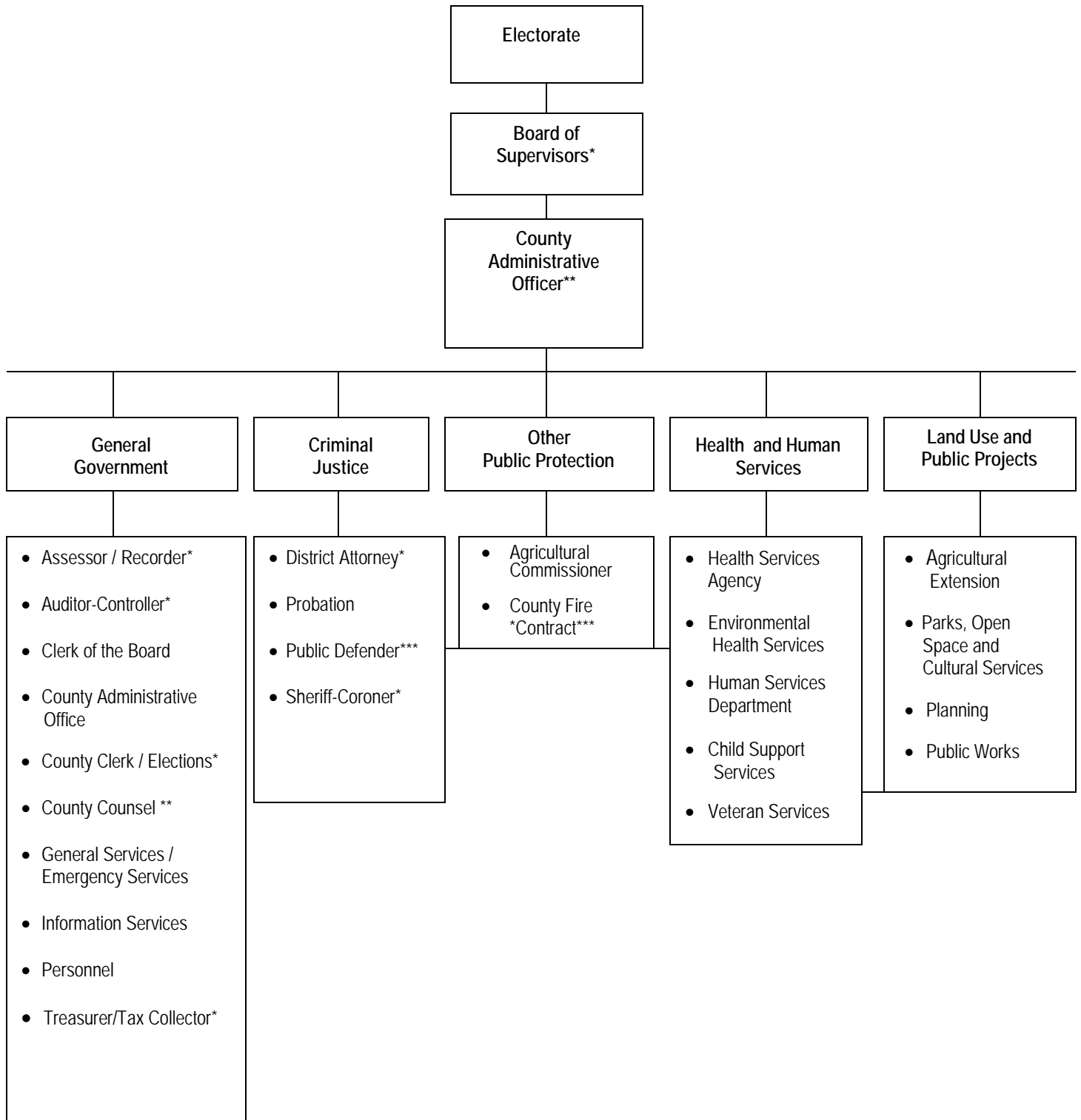
Respectfully submitted,

A handwritten signature in cursive script that reads "Mary Jo Walker".

Mary Jo Walker  
Auditor-Controller-Treasurer-Tax Collector



# COUNTY OF SANTA CRUZ



\*Elected Official

\*\*Appointed by the Board of Supervisors

\*\*\*Contract

## Directory of Public Officials

### Elective Officers

		<u>Term ends</u>
Supervisor, 1st District	John Leopold	January 2017
Supervisor, 2nd District	Zach Friend	January 2017
Supervisor, 3rd District	Neal Coonerty	January 2019
Supervisor, 4th District	Greg Caput	January 2019
Supervisor, 5th District	Bruce McPherson	January 2017
State Senator, 17 <sup>th</sup> District	Bill Monning	December 2016
State Assemblyman, 29 <sup>th</sup> District	Mark Stone	December 2016
State Assemblyman, 30 <sup>th</sup> District	Luis A. Alejo	December 2016
U.S. Congressman, 20 <sup>th</sup> District	Sam Farr	January 2017
U.S. Senator	Dianne Feinstein	January 2019
U.S. Senator	Barbara Boxer	January 2017
U.S. Congresswoman, 18 <sup>th</sup> District	Anna G. Eshoo	January 2017
Assessor-Recorder	Sean Saldavia	January 2019
Auditor-Controller Treasurer-Tax Collector	Mary Jo Walker	January 2019
County Clerk-Elections	Gail Pellerin	January 2019
District Attorney-Public Administrator	Jeff Rosell	January 2017
Sheriff-Coroner	Jim Hart	January 2019

### 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	Jamie Murray
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	Jeff Gaffney
Health Officer	Dr. Lisa Hernandez
Health Services Administrator	Giang Nguyen
Personnel Director	Michael McDougall
Probation Officer	Fernando Giraldo
Veteran's Services Officer	Stephen Corbett



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, 2014**

Executive Director/CEO

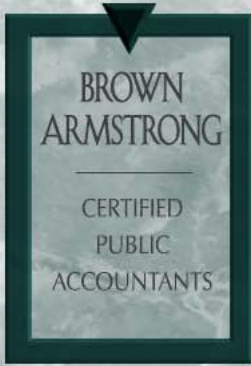
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# **FINANCIAL SECTION**

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# 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, 2015, 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, 2015, 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.

#### BAKERSFIELD OFFICE (MAIN OFFICE)

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FAX 661.324.4997  
EMAIL info@bacpas.com

#### FRESNO OFFICE

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FAX 559.476.3593

#### PASADENA OFFICE

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PASADENA, CA 91101  
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FAX 626.204.6547

#### STOCKTON OFFICE

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TEL 209.451.4833

## **Emphasis of Matter**

As disclosed in the Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*, during the fiscal year ended June 30, 2015. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis pages 7-19, the respective budgetary comparison for the General Fund and the Housing Fund on pages 109-119, and the County's Retirement Plans' Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Contributions on pages 120-121 and Other Postemployment Benefit (OPEB) schedules of funding progress on page 121 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 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 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 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 23, 2015, 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 23, 2015

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**COUNTY OF SANTA CRUZ  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2015**

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, 2015. 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 2014-2015 fiscal year by \$173,634,811 (*net position*). Of this amount, a negative amount of \$395,712,354 is unrestricted, \$56,116,280 is restricted for specific purpose (*restricted net position*), and \$513,230,885 is the net investment in capital assets.
- The County's total net position decreased by \$321,617,378. This decrease was primarily due to a decrease in the unrestricted net position resulting from the County's unfunded pension and the increase to the Other Postemployment Benefits (OPEB) obligation.

Governmental Accounting Standards Board (GASB) Statement No. 68 was implemented for the first time in 2014-15. Statement No. 68 calls for reporting, on a full accrual basis of accounting, the County's total unfunded pension liability on the government-wide financial statements.

In order to implement the statement, a prior period adjustment was made to the County's July 1, 2014 net position, decreasing it in the amount of \$339,080,874. See Note 14 on page 94 under Pension Plans.

- As of June 30, 2015, the County's governmental funds reported combined ending fund balances of \$167,209,364, a decrease of \$3,186,459 in comparison with the prior year. Revenues increased by approximately \$20 million, with \$8 million coming from taxes and \$12 million from Federal and State Aid. Expenditures increased by 2.88% or \$12,713,707, half of which resulted from additional staffing in support of the Affordable Care Act for Public Assistance. Fiscal year 2013-14 had other financing sources of \$12 million from the issuance of bonds. There were no bonds issued in fiscal year 2014-15 and the net amount of other financing sources (uses) was \$(6,301,296) from transfers.
- At the end of the fiscal year, the general fund reported an ending fund balance of \$50,204,881, of which \$1,135,435 was nonspendable, \$15,541,090 was committed, \$33,599,812 was assigned, and \$(71,456) was unassigned, as shown on page 33.

**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 culture. 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 25-26 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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds financial statements can be found on pages 33-36 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 39-43 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 47-49 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 55-107 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 post-employment 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 Funds 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 112-152 of this report.

### Combining Statements and Schedules

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

Analysis of Net Position							
	Governmental Activities		Business-Type Activities		Total		Dollar Change
	2015	2014	2015	2014	2015	2014	
<b>Assets:</b>							
Current and other assets	\$ 309,211,659	\$ 316,309,668	\$ 18,640,660	\$ 15,497,108	\$ 327,852,319	\$ 331,806,776	\$ (3,954,457)
Capital assets	527,193,040	516,204,387	28,826,053	24,304,799	556,019,093	540,509,186	15,509,907
Total assets	<u>836,404,699</u>	<u>832,514,055</u>	<u>47,466,713</u>	<u>39,801,907</u>	<u>883,871,412</u>	<u>872,315,962</u>	<u>11,555,450</u>
Deferred outflow of resources	28,003,093	-	501,145	-	28,504,238	-	28,504,238
<b>Liabilities:</b>							
Current and other liabilities	146,433,123	146,884,709	2,834,623	998,462	149,267,746	147,883,171	1,384,575
Long-term liabilities	512,342,688	223,131,467	11,514,368	6,049,135	523,857,056	229,180,602	294,676,454
Total liabilities	<u>658,775,811</u>	<u>370,016,176</u>	<u>14,348,991</u>	<u>7,047,597</u>	<u>673,124,802</u>	<u>377,063,773</u>	<u>296,061,029</u>
Deferred inflow of resources	64,462,413	-	1,153,624	-	65,616,037	-	65,616,037
<b>Net position:</b>							
Net investment in capital assets	484,645,845	458,888,081	28,585,040	24,033,431	513,230,885	482,921,512	30,309,373
Restricted	55,855,901	69,454,954	260,379	475,894	56,116,280	69,930,848	(13,814,568)
Unrestricted	(399,332,178)	(65,845,156)	3,619,824	8,244,985	(395,712,354)	(57,600,171)	(338,112,183)
Total net position	<u>\$ 141,169,568</u>	<u>\$ 462,497,879</u>	<u>\$ 32,465,243</u>	<u>\$ 32,754,310</u>	<u>\$ 173,634,811</u>	<u>\$ 495,252,189</u>	<u>\$(321,617,378)</u>

### 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 \$173,634,811 at the close of the 2014-2015 fiscal year.

The portion of the County's net investment in capital assets, \$513,230,885 (296%), reflects its investment in capital assets (e.g., land, building and structures, and equipment) less accumulated depreciation in the amount of \$556,019,093, less the related debt of \$42,788,208 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, \$56,116,280 (32%), represents resources that are subject to external restrictions on how they may be used. Of the total, 24% is restricted for capital asset



acquisition, 55% is dedicated to public roads and facilities, 10% 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 \$(395,712,354) decreased by \$338,112,183 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. The principal reason for the decrease was the \$339 million prior period adjustment made to support the GASB Statement No. 68 adjustment of the June 30, 2014 pension liability.

	Change in Net Position							
	Governmental Activities		Business-Type Activities		Total		Dollar Change	%
	2015	2014	2015	2014	2015	2014		
<b>Revenues</b>								
Program Revenues:								
Charges for services	\$ 77,822,965	\$ 74,692,251	\$ 13,933,450	\$ 13,349,612	\$ 91,756,415	\$ 88,041,863	\$ 3,714,552	4.2%
Operating grants and contributions	243,896,303	227,862,891	225,933	381,641	244,122,236	228,244,532	15,877,704	7.0%
Capital grants and contributions	7,006,159	10,540,918	117,549	195	7,123,708	10,541,113	(3,417,405)	-32.4%
General Revenues:								
Property taxes	93,563,299	88,177,794	27,156	24,530	93,590,455	88,202,324	5,388,131	6.1%
Other taxes	21,830,572	19,046,185	-	-	21,830,572	19,046,185	2,784,387	14.6%
Investment earnings	3,473,414	3,651,756	49,055	94,992	3,522,469	3,746,748	(224,279)	-6.0%
Miscellaneous	10,278,920	13,304,249	566,966	531,131	10,845,886	13,835,380	(2,989,494)	-21.6%
Gain (Loss) on sale of assets	-	(3,562)	-	294	-	(3,268)	3,268	-100.0%
Total revenues	<u>457,871,632</u>	<u>437,272,482</u>	<u>14,920,109</u>	<u>14,382,395</u>	<u>472,791,741</u>	<u>451,654,877</u>	<u>\$ 21,136,864</u>	<u>4.7%</u>
Expenses:								
General government	33,543,710	35,732,399	-	-	\$ 33,543,710	\$ 35,732,399	\$ (2,188,689)	-6.1%
Public protection	131,718,318	136,188,606	-	-	131,718,318	136,188,606	(4,470,288)	-3.3%
Public ways and facilities	32,899,567	21,218,788	-	-	32,899,567	21,218,788	11,680,779	55.0%
Health and sanitation	108,998,615	109,447,331	-	-	108,998,615	109,447,331	(448,716)	-0.4%
Public assistance	116,901,808	113,591,646	-	-	116,901,808	113,591,646	3,310,162	2.9%
Education	5,536,920	5,132,749	-	-	5,536,920	5,132,749	404,171	7.9%
Recreation and cultural services	7,202,397	7,656,626	-	-	7,202,397	7,656,626	(454,229)	-5.9%
Interest on long-term debt	3,306,746	4,344,010	-	-	3,306,746	4,344,010	(1,037,264)	-23.9%
County Disposal Sites CSA	-	-	11,785,387	11,362,925	11,785,387	11,362,925	422,462	3.7%
Boulder Creek CSA	-	-	332,137	307,296	332,137	307,296	24,841	8.1%
Rolling Woods CSA	-	-	12,436	13,923	12,436	13,923	(1,487)	-10.7%
Septic Tank Maintenance CSA	-	-	1,058,403	1,113,976	1,058,403	1,113,976	(55,573)	-5.0%
Freedom County Sanitation District	-	-	964,940	603,332	964,940	603,332	361,608	59.9%
Davenport Sanitation District	-	-	656,114	553,124	656,114	553,124	102,990	18.6%
Place De Mer CSA	-	-	49,800	22,850	49,800	22,850	26,950	117.9%
Sand Dollar Beach CSA	-	-	274,512	241,140	274,512	241,140	33,372	13.8%
Trestle Beach CSA	-	-	51,369	58,232	51,369	58,232	(6,863)	-11.8%
Summit West CSA	-	-	135	141	135	141	(6)	-4.3%
Graham Hill CSA	-	-	34,931	52,623	34,931	52,623	(17,692)	-33.6%
Total expenses	<u>440,108,081</u>	<u>433,312,155</u>	<u>15,220,164</u>	<u>14,329,562</u>	<u>455,328,245</u>	<u>447,641,717</u>	<u>7,686,528</u>	<u>1.7%</u>
Revenues over/(under) expenditures	17,763,551	3,960,327	(300,055)	52,833	17,463,496	4,013,160	13,450,336	335.2%
Transfers	(5,972,514)	-	5,972,514	-	-	-	-	0.0%
Change in net position	<u>11,791,037</u>	<u>3,960,327</u>	<u>5,672,459</u>	<u>52,833</u>	<u>17,463,496</u>	<u>4,013,160</u>	<u>13,450,336</u>	<u>335.2%</u>
Net position, beginning 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%
Prior period adjustment	(333,119,348)	8,000,000	(5,961,526)	-	(339,080,874)	8,000,000	(347,080,874)	-4338.5%
Net position, end of year	<u>\$ 141,169,568</u>	<u>\$ 462,497,879</u>	<u>\$ 32,465,243</u>	<u>\$ 32,754,310</u>	<u>\$ 173,634,811</u>	<u>\$ 495,252,189</u>	<u>\$ (321,617,378)</u>	<u>-64.9%</u>

## Analysis of Change in Net Position

During the current fiscal year, the County's net position decreased by \$321,617,378. These decreases are explained in the governmental and business-type activity discussion below.

- **Governmental activities** decreased the County's net position by \$321,328,311, accounting for 99.9% of the total decrease in net position of the County. The County recorded a prior period adjustment in the amount of \$(333,119,348) which was the restatement of the beginning net position due to the prior period unfunded pension liability.

The change in net position before the prior period adjustment for governmental activities was \$11,791,037. Revenues increased by \$20.6 million from the prior year primarily due to a \$12.5

million increase in State medical grants and mandated reimbursements, a \$5.4 million increase in property taxes, and almost \$2.7 million increase in transient occupancy taxes, cannabis business taxes and other taxes.

Expenses overall increased by \$6,795,926. Public Ways and Facilities increased by \$11.6 million primarily due to extensive outlays for road projects. Public Assistance was up by \$3.3 million, mostly from salaries and new hires resulting from implementation of the Patient Protection and Affordable Care Act (ACA). There was a decrease of \$6.6 million in Public Protection and General Government resulting from allocation of internal service charges.

- **Business-type activities** decreased by \$298,067 over the prior year as a result of a change in net position of \$5,672,459 before the prior period adjustment of \$(5,961,526). Expenses increased by \$890,602, while revenues increased \$537,714. The increase in net position was largely due to a Transfer In to the County Disposal Site CSA 9C fund from the Financing Authorities in the amount of \$6,002,514.

## 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, debt service funds, and capital project funds.

At June 30, 2015, the County's governmental funds reported combined ending fund balances of \$167,209,364, a decrease in comparison with the prior year. The components of total fund balance are as follows (see Note 19 – Fund Balances).

- Nonspendable fund balance, \$62,319,535, 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 \$812,951, (2) advances and loans of \$58,963,164, and (3) assets held for resale of \$2,543,420.
- Restricted fund balance, \$55,820,383, 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 \$39,363,167, (2) debt service of \$2,779,455, and (3) amounts restricted for capital asset acquisition of \$13,677,761.
- Committed fund balance, \$15,541,090, are amounts for specific purposes determined by the Board of Supervisors, Natural Disasters of \$1,251,089, and Economic Uncertainty of \$14,290,001.
- Assigned fund balance of \$33,599,812 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 \$5,288,367, (3) projected budgetary deficit of \$12,569,417, (4) liabilities of \$1,052,278, and (5) human services of \$460,000.

- Unassigned fund balance is currently \$(71,456).

Revenues for governmental functions totaled \$457,704,967 in fiscal year 2014-2015, which represents an increase of \$20,978,034, or 4.8% from fiscal year 2013-2014. Expenditures for governmental functions totaling \$454,590,130 increased by \$12,713,707, or 2.88%, from fiscal year 2013-2014. In the fiscal year 2014-2015, revenues for governmental functions exceeded expenditures by \$3,114,837. Other financing uses, including interfund transfers, exceeded other financing sources by \$6,301,296.

The general fund is the primary operating fund of the County. At June 30, 2015, the general fund's total fund balance was \$50,204,881, of which \$1,135,435 was nonspendable, and \$49,069,446 was spendable. The spendable fund balance consists of \$15,541,090 in committed fund balance, \$33,599,812 in assigned fund balance, and \$(71,456) 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 12.9% of total General Fund expenditures while spendable fund balance is 12.6% of total General Fund expenditures.

The Housing Fund is a major fund of the County. At June 30, 2015, the nonspendable fund balance amount was \$61,184,100, a 1.6% increase over the prior year, due to an increase in land held for resale. The spendable (restricted) fund balance amount was \$18,675,118, a decrease of \$35,518 from the prior year.

The Capital Projects fund balance of \$8,895,006 was spendable (restricted) at June 30, 2015, a decrease of \$5,619,769 from the prior year. The decrease was due to the capital outlay of \$9.3 million exceeding the other fund contributions, transfers and State aid of \$3.7 million.

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**

	2015	% of Total	2014	% of Total	Change
Taxes	\$ 115,393,871	25.21%	\$ 107,223,979	24.55%	\$ 8,169,892
Licenses and permits	11,052,751	2.41%	9,846,713	2.25%	1,206,038
Fines, forfeits and penalties	4,720,450	1.03%	4,758,233	1.09%	(37,783)
Use of money and property	3,417,281	0.75%	3,480,144	0.80%	(62,863)
Aid from other governments	250,902,462	54.82%	238,403,809	54.59%	12,498,653
Charges for services	62,049,764	13.56%	60,087,305	13.76%	1,962,459
Other	10,168,388	2.22%	12,926,750	2.96%	(2,758,362)
<b>Total</b>	<b>\$ 457,704,967</b>	<b>100.00%</b>	<b>\$ 436,726,933</b>	<b>100.00%</b>	<b>\$ 20,978,034</b>

Revenues increased by \$20.98 million over the prior year. Intergovernmental revenues accounted for 60% of the increase due to an additional \$5 million State Mandated reimbursement, a \$5 million increase in State aid for Medi-Cal and other health programs, and \$2 million in Federal food stamps assistance. There was also an \$8 million increase in taxes, consisting of \$4 million in property taxes, \$1 million in transient occupancy taxes, \$1 million in cannabis business taxes, and the rest in various other taxes.

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

**Expenditures Classified by Source**  
**Governmental Funds**

	2015	% of Total	2014	% of Total	Change
General government	\$ 32,531,910	7.16%	\$ 29,205,502	6.61%	\$ 3,326,408
Public protection	137,892,679	30.33%	134,304,762	30.39%	3,587,917
Public ways and facilities	24,439,623	5.38%	18,730,124	4.24%	5,709,499
Health and sanitation	111,509,092	24.53%	108,967,164	24.66%	2,541,928
Public assistance	119,199,304	26.22%	112,980,451	25.57%	6,218,853
Education	5,324,908	1.17%	4,914,616	1.11%	410,292
Recreation and culture	7,155,804	1.57%	6,950,859	1.57%	204,945
Capital outlay	9,305,670	2.05%	18,875,140	4.27%	(9,569,470)
Debt Service - bond redemption	3,991,789	0.88%	3,796,789	0.86%	195,000
Debt Service -Interest and fiscal charges	3,239,351	0.71%	3,151,016	0.71%	88,335
<b>Total</b>	<b>\$ 454,590,130</b>	<b>100.00%</b>	<b>\$ 441,876,423</b>	<b>100.00%</b>	<b>\$ 12,713,707</b>

Overall expenditures increased by \$12.71 million. General government increased by \$3 million from the prior year mostly from salaries and professional services after contractual increases. Public protection increased by \$3.5 million following increases to support current staff as well as funding for new positions in the Sheriff's division. Public ways and facilities increased by \$5.7 million due to an increase in road projects and expenditures. Salaries increased by \$4 million in Public Assistance to support the requirements of the Affordable Care Act (ACA) and other community program type costs increased by \$2 million. The Health Services Agency had increases due to mental health contractor increases and other medical professional services and contracts. Capital outlay expenditures decreased by \$9.5 million from the prior year due to completion of the Behavioral Health Unit and a major portion of the Sheriff-Coroner facility in 2013-14.

Other financing sources and uses are presented below, including changes from the prior year. There were no long-term debt issues for the fiscal year 2014-2015. Transfers in and out were greater in 2013-14 due to the transfer of former Redevelopment Agency housing projects from the Capital Projects Fund to the Housing Fund in the prior year. Refer to Note No. 5 for additional information regarding transfers in and out.

**Expenditures Classified by Source  
Governmental Funds**

	2015	% of Total	2014	% of Total	Change
Proceeds of long-term debt	\$ -	0.00%	\$ 11,810,000	99.36%	\$ (11,810,000)
Bond premium/discount	-	0.00%	812,221	6.83%	(812,221)
Inception of capital lease	92,808	-1.47%	424,824	3.57%	(332,016)
Original issue costs	-	0.00%	6,285,000	52.88%	(6,285,000)
Payment to refunding escrow agent	-	0.00%	(6,362,140)	-53.53%	6,362,140
Transfers in	12,312,257	-195.39%	35,419,255	297.98%	(23,106,998)
Transfers out	(18,706,361)	296.87%	(36,502,898)	-307.10%	17,796,537
<b>Total</b>	<b>\$ (6,301,296)</b>	<b>100.00%</b>	<b>\$ 11,886,262</b>	<b>100.00%</b>	<b>\$ (18,187,558)</b>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Fund	Capital Projects Fund		
Revenues	\$ 404,324,194	\$ 2,991,439	\$ 1,641,401	\$ 48,747,933	\$ 457,704,967
Expenditures	(390,183,776)	(2,068,844)	(9,305,670)	(53,031,840)	(454,590,130)
Net other financing sources/(uses)	(4,650,419)	-	2,044,500	(3,695,377)	(6,301,296)
Net change in fund balances	9,489,999	922,595	(5,619,769)	(7,979,284)	(3,186,459)
Fund balances, beginning (restated)	40,714,882	78,936,623	14,514,775	36,229,543	170,395,823
Fund balances, ending	50,204,881	79,859,218	8,895,006	28,250,259	167,209,364

**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 business-type activities had total net position of \$32,100,069 at June 30, 2015, of which \$3,254,650 was unrestricted.

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

	<u>Major Funds</u>			
	<u>County Disposal Sites CSA 9c</u>	<u>Nonmajor Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating Revenues	\$ 11,255,104	\$ 3,243,765	\$ 14,498,869	\$ 70,814,828
Operating Expenditures	(11,826,816)	(3,441,967)	(15,268,783)	(62,413,675)
Net operating income (loss)	(571,712)	(198,202)	(769,914)	8,401,153
Net nonoperating revenues/(expenditures)	6,238,732	155,022	6,393,754	612,641
Change in net position	5,667,020	(43,180)	5,623,840	9,013,794
Beginning of year, as restated	11,100,544	15,375,685	26,476,229	(51,364,467)
End of Year	<u>\$ 16,767,564</u>	<u>\$ 15,332,505</u>	<u>\$ 32,100,069</u>	<u>\$ (42,350,673)</u>

Total enterprise fund net position decreased by \$337,686. Operating revenues of \$14,498,869 increased by \$618,126 over the prior fiscal year. Operating expenses of \$15,268,783 increased by \$1,316,719 over the prior year, mostly from increases in construction costs.

There was a restatement of the beginning net position in the amount of \$(5,961,526) as a result of the prior period unfunded pension liability.

The Internal Service fund net position decreased by \$28,960,097 over the prior fiscal year. This was due to decreases in insurance and compensation claims expenses compared to the prior year and the restatement of the beginning net position in the amount of \$(37,973,891) as a result of the prior period unfunded pension liability.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

After the adoption of the 2014-2015 fiscal year budget, the original General Fund budget was increased by \$10,566,752 during the year, not including transfers out, primarily due to additional financial resources made available from State Public Safety Realignment funds and trust funds for Public Protection, State Motor Vehicle Realignment funds for Health Services, and Federal and State allocations to Human Services. Actual expenditures in the General Fund were \$26,077,190 less than the original budget, including transfers out.

The 2014-2015 total expenditures were \$19,428,874, or 5.2%, 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 \$9,277,677 lower than the original budget. The majority of this was due to a difference of \$25 million from the original budget originating from Transfers In, offset by a \$16 million increase in revenue over budget from Aid from Federal and State agencies.

For additional information, readers should refer to the letter of transmittal.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The County's capital assets for its governmental and business-type activities as of June 30, 2015 totaled \$556,019,093 (net of accumulated depreciation of \$419,964,944). These capital assets include land, construction in progress, infrastructure, buildings and structures, and equipment. The increase in the County's capital assets for the 2014-2015 fiscal year was \$15,509,907 or 2.86%.

For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the 2014-2015 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	
	2015	2014	2015	2014	2015	2014
Land	\$ 63,504,578	\$ 60,802,680	\$ 1,858,849	\$ 1,858,849	\$ 65,363,427	\$ 62,661,529
Construction in progress	9,996,582	18,460,192	6,268,785	264,518	16,265,367	18,724,710
Infrastructure	610,143,809	596,153,931	-	-	610,143,809	596,153,931
Buildings and structures	180,067,944	161,740,495	44,577,288	44,420,475	224,645,232	206,160,970
Equipment	49,128,430	46,951,572	10,437,772	10,384,539	59,566,202	57,336,111
Accumulated depreciation	(385,648,303)	(367,904,483)	(34,316,641)	(32,623,582)	(419,964,944)	(400,528,065)
Total	\$ 527,193,040	\$ 516,204,387	\$ 28,826,053	\$ 24,304,799	\$ 556,019,093	\$ 540,509,186

Capital Assets increased in Governmental Activities by \$10.9 million. Infrastructure increased by \$13.9 million over the prior year, mostly for roads and drainage. There was a transfer of \$18 million from Construction in Progress to buildings and structures for completed projects, along with new construction of \$10 million for the Freedom Health Clinic, Parks development and correctional facility upgrades. In equipment, there was an increase of \$1.5 million for capitalized software and \$1.0 million for Sheriff and County Fire vehicles, computer equipment and furnishings.

Business-type capital assets increased by \$4,521,254, primarily due to a \$6 million construction project for the County Disposal CSA 9C fund, offset by a \$1.7 million depreciation entry.

Additional information on the County's capital assets can be found in Note No. 7 on pages 77-79 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	
	2015	2014	2015	2014	2015	2014
Refunding certificates of participation	\$ 27,725,939	\$ 29,607,347	\$ -	\$ -	\$ 27,725,939	\$ 29,607,347
Lease revenue bonds	12,324,514	12,324,514	-	-	12,324,514	12,324,514
Lease revenue refunding bonds	1,690,379	1,751,329	-	-	1,690,379	1,751,329
Certificates of participation	27,266,386	29,307,293	-	-	27,266,386	29,307,293
Revenue bonds	165,000	195,000	-	-	165,000	195,000
Mandated payment	-	725,074	-	-	-	725,074
Loans payable	98,456	138,053	448,965	490,341	547,421	628,394
Capital leases	7,530,755	5,095,679	654	1,860	7,531,409	5,097,539
Total	\$ 76,801,429	\$ 79,144,289	\$ 449,619	\$ 492,201	\$ 77,251,048	\$ 79,636,490

For the governmental activities, the County had total long-term debt outstanding of \$76,801,429 as compared to \$79,144,289 the prior year (excluding compensated absences and estimated claims), a decrease of \$2,342,860. There were no new issues of debt in 2014-15 other than new capital lease obligations of \$3 million. The decrease was due to retirement of debt.

For the business-type activities, the County had total long-term debt outstanding of \$449,619 as compared to \$492,201 in the prior year (excluding post-closure liability), a decrease of \$42,582, which represented the amount of retirement of debt for the year.

The County's total debt for all primary government activities decreased by \$2,385,442 or 3% 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" and its Issuer Rating of "Aa3." This rating was last reviewed by Moody's in July 2015. Standard & Poor's has assigned its long-term rating on the County's general fund certificates of participation and lease revenue bonds of "AA-." This rating was last reviewed by Standard & Poor's in July 2015. 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 Sanitation District, had total long-term debt outstanding of \$20,344,123 as compared to \$23,212,738 in the prior year. This amount was comprised of \$3,088,900 of Waste Water Revenue Refunding Bonds (including unamortized bond premium), \$330,000 of Limited Obligation Refunding Improvement Bonds, and \$16,925,223 of Loans Payable. During the year, retirement of debt amounted to \$2,868,615.

Additional information on the County's long-term debt can be found in Note No. 10 on pages 83-91 of this report.

## **FISCAL YEAR 2015-2016 BUDGET AND ECONOMIC CONDITIONS**

The 2015-2016 County Budget reflects some economic improvements, however, the County has yet to fully recover from the ongoing structural deficit caused by the Great Recession. The budget calls for a 6.17% increase over the prior year for General and Special Revenue funds.

The structural deficit has been reduced from \$8.3 million in 2014-15 to \$5.2 million in 2015-16 closing the gap by 37%.

- There was an increase of 6.4% in property assessed values for the 2015-2016 fiscal year, resulting in a conservative increase in budgeted property tax revenues of 2.0% over the prior fiscal year actual revenue.
- Increase of 9.7% from general fund intergovernmental revenues related to increases in Medi-Cal funding, State medical and mental health funding, State Housing funds and Assembly Bill (AB) 118 realignment funds.
- There was an increase of 45.5 positions, primarily in Human Services, with reductions in other departments. Ongoing support of the Patient Protection and Affordable Care Act (ACA) was the primary driver of the positions added in Human Services. This was offset by an elimination of 54 vacant or unfunded positions and 6 filled positions.
- The new Office of Economic Development was established to administer programs and services envisioned in the Economic Vitality Strategy and to expand development opportunities in the County.



## **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 County'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.



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# **BASIC FINANCIAL STATEMENTS**

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# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**COUNTY OF SANTA CRUZ**  
**GOVERNMENT-WIDE FINANCIAL STATEMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and investments	\$ 206,499,726	\$ 5,868,928	\$ 212,368,654	\$ 19,821,327
Restricted cash	14,047,087	6,076,310	20,123,397	969,937
Loans receivable	57,236,051	88,817	57,324,868	-
Receivables, net	33,147,268	668,426	33,815,694	2,599
Deposits with others	240,000	-	240,000	-
Inventory	521,483	92,207	613,690	13,935
Prepaid items	822,596	-	822,596	-
Land held for resale	2,543,420	-	2,543,420	-
Notes receivable	-	-	-	55,077
Internal balances	(5,845,972)	5,845,972	-	-
Nondepreciable assets	73,501,161	8,127,634	81,628,795	13,250,779
Depreciable assets, net	453,691,879	20,698,419	474,390,298	115,052,347
<b>Total assets</b>	<b>836,404,699</b>	<b>47,466,713</b>	<b>883,871,412</b>	<b>149,166,001</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pensions	28,003,093	501,145	28,504,238	-
<b>Total deferred outflows of resources</b>	<b>28,003,093</b>	<b>501,145</b>	<b>28,504,238</b>	<b>-</b>
<b>LIABILITIES</b>				
Payables	21,245,100	2,791,507	24,036,607	3,950,663
Accrued interest payable	1,003,267	-	1,003,267	234,128
Tax and revenue anticipation notes payable	50,498,611	-	50,498,611	-
Advances from grantors and third parties	39,253,139	-	39,253,139	-
Compensated absences:				
Due within one year	20,717,236	-	20,717,236	-
Due in more than one year	5,679,843	-	5,679,843	-
Estimated claims:				
Due within one year	8,252,692	-	8,252,692	-
Due in more than one year	30,734,218	-	30,734,218	-
Other long-term liabilities:				
Due within one year	5,463,078	43,116	5,506,194	2,970,973
Due in more than one year	71,338,351	6,249,350	77,587,701	17,373,150
OPEB liability	110,390,529	-	110,390,529	-
Net pension liability	294,199,747	5,265,018	299,464,765	-
<b>Total liabilities</b>	<b>658,775,811</b>	<b>14,348,991</b>	<b>673,124,802</b>	<b>24,528,914</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pensions	64,462,413	1,153,624	65,616,037	-
<b>Total deferred inflows of resources</b>	<b>64,462,413</b>	<b>1,153,624</b>	<b>65,616,037</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	484,645,845	28,585,040	513,230,885	107,959,003
Restricted for:				
Debt service	2,779,455	-	2,779,455	968,799
Capital asset acquisition	13,677,761	-	13,677,761	-
Public safety	5,500,217	-	5,500,217	-
Health and public assistance	2,927,305	-	2,927,305	-
Public ways and facilities	30,971,163	-	30,971,163	-
Other	-	260,379	260,379	-
Unrestricted	(399,332,178)	3,619,824	(395,712,354)	15,709,285
<b>Total net position</b>	<b>\$ 141,169,568</b>	<b>\$ 32,465,243</b>	<b>\$ 173,634,811</b>	<b>\$ 124,637,087</b>

See accompanying Notes to Basic Financial Statements.

**COUNTY OF SANTA CRUZ  
GOVERNMENT-WIDE FINANCIAL STATEMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 33,543,710	\$ 18,604,683	\$ 6,998,240	\$ 1,855,932	\$ 27,458,855
Public protection	131,718,318	22,912,937	45,336,054	1,563,205	69,812,196
Public ways and facilities	32,899,567	5,623,654	10,815,521	2,077,752	18,516,927
Health and sanitation	108,998,615	27,519,925	74,766,463	1,509,270	103,795,658
Public assistance	116,901,808	568,238	105,808,197	-	106,376,435
Education	5,536,920	-	73,799	-	73,799
Recreation and cultural services	7,202,397	2,593,528	4,856	-	2,598,384
Debt service	3,306,746	-	93,173	-	93,173
Total governmental activities	440,108,081	77,822,965	243,896,303	7,006,159	328,725,427
Business-type activities:					
County Disposal Sites CSA 9C	11,785,387	10,689,685	225,729	-	10,915,414
Boulder Creek CSA 7	332,137	449,290	-	-	449,290
Rolling Woods CSA 10	12,436	25,234	-	-	25,234
Septic Tank Maintenance CSA 12	1,058,403	1,011,434	-	-	1,011,434
Freedom County Sanitation District	964,940	795,227	-	-	795,227
Davenport Sanitation District	656,114	503,507	204	117,549	621,260
Place de Mer CSA 2	49,800	84,016	-	-	84,016
Sand Dollar Beach CSA 5	274,512	255,488	-	-	255,488
Trestle Beach CSA 20	51,369	44,620	-	-	44,620
Summit West CSA 54	135	-	-	-	-
Graham Hill CSA 57	34,931	74,949	-	-	74,949
Total business-type activities	15,220,164	13,933,450	225,933	117,549	14,276,932
<b>Total primary government</b>	<b>\$ 455,328,245</b>	<b>\$ 91,756,415</b>	<b>\$ 244,122,236</b>	<b>\$ 7,123,708</b>	<b>\$ 343,002,359</b>
<b>Component unit:</b>					
Santa Cruz County Sanitation District	\$ 19,493,390	\$ 22,412,016	\$ -	\$ -	\$ 22,412,016

**General Revenues**

Taxes:

Property taxes  
Property transfer fees  
Sales and use taxes  
Transient occupancy taxes  
Other taxes  
Total taxes

Interest and investment earnings

Miscellaneous

Transfers

**Total general revenues**

Change in net position before prior period adjustment

**Net position - beginning of year**

**Prior period adjustment (Note 21)**

**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, 2015**

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (6,084,855)	\$ -	\$ (6,084,855)	
(61,906,122)	-	(61,906,122)	
(14,382,640)	-	(14,382,640)	
(5,202,957)	-	(5,202,957)	
(10,525,373)	-	(10,525,373)	
(5,463,121)	-	(5,463,121)	
(4,604,013)	-	(4,604,013)	
(3,213,573)	-	(3,213,573)	
<u>(111,382,654)</u>	<u>-</u>	<u>(111,382,654)</u>	
-	(869,973)	(869,973)	
-	117,153	117,153	
-	12,798	12,798	
-	(46,969)	(46,969)	
-	(169,713)	(169,713)	
-	(34,854)	(34,854)	
-	34,216	34,216	
-	(19,024)	(19,024)	
-	(6,749)	(6,749)	
-	(135)	(135)	
-	40,018	40,018	
<u>-</u>	<u>(943,232)</u>	<u>(943,232)</u>	
<u>\$ (111,382,654)</u>	<u>\$ (943,232)</u>	<u>\$ (112,325,886)</u>	
			<u>\$ 2,918,626</u>
93,563,299	27,156	93,590,455	90,297
2,242,933	-	2,242,933	-
10,248,232	-	10,248,232	-
6,482,217	-	6,482,217	-
2,857,190	-	2,857,190	-
<u>115,393,871</u>	<u>27,156</u>	<u>115,421,027</u>	<u>90,297</u>
3,473,414	49,055	3,522,469	153,593
10,278,920	566,966	10,845,886	84,529
(5,972,514)	5,972,514	-	-
<u>123,173,691</u>	<u>6,615,691</u>	<u>129,789,382</u>	<u>328,419</u>
11,791,037	5,672,459	17,463,496	3,247,045
462,497,879	32,754,310	495,252,189	121,390,042
(333,119,348)	(5,961,526)	(339,080,874)	-
<u>129,378,531</u>	<u>26,792,784</u>	<u>156,171,315</u>	<u>121,390,042</u>
<u>\$ 141,169,568</u>	<u>\$ 32,465,243</u>	<u>\$ 173,634,811</u>	<u>\$ 124,637,087</u>



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# FUND FINANCIAL STATEMENTS

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# GOVERNMENTAL FUND

## FINANCIAL STATEMENTS

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**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.

**Nonmajor Governmental Funds** – Nonmajor Governmental Funds is the aggregate of all the nonmajor governmental funds.



**COUNTY OF SANTA CRUZ  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Fund	Capital Projects Fund		
<b>ASSETS</b>					
Cash and investments	\$ 128,374,124	\$ 18,684,181	\$ 8,457,161	\$ 20,379,791	\$ 175,895,257
Restricted cash and investments	-	-	-	14,047,087	14,047,087
Receivables, net	25,033,754	1,532,629	1,370,898	4,316,284	32,253,565
Due from other funds	1,825,695	-	15,662	-	1,841,357
Loans receivable	128,000	57,108,051	-	-	57,236,051
Deposits with others	90,000	-	-	-	90,000
Inventory	16,531	-	-	-	16,531
Prepays	747,540	-	-	-	747,540
Land held for resale	-	2,543,420	-	-	2,543,420
Advances to other funds	-	-	-	493,593	493,593
<b>Total assets</b>	<b>\$ 156,215,644</b>	<b>\$ 79,868,281</b>	<b>\$ 9,843,721</b>	<b>\$ 39,236,755</b>	<b>\$ 285,164,401</b>
<b>LIABILITIES</b>					
Payables	\$ 16,647,807	\$ 9,063	\$ 820,275	\$ 1,878,072	\$ 19,355,217
Tax and revenue anticipation notes payable	50,498,611	-	-	-	50,498,611
Due to other funds	-	-	128,440	8,719,630	8,848,070
Advances from grantors and third parties	38,864,345	-	-	388,794	39,253,139
<b>Total liabilities</b>	<b>106,010,763</b>	<b>9,063</b>	<b>948,715</b>	<b>10,986,496</b>	<b>117,955,037</b>
<b>FUND BALANCES</b>					
Nonspendable	1,135,435	61,184,100	-	-	62,319,535
Restricted	-	18,675,118	8,895,006	28,250,259	55,820,383
Committed	15,541,090	-	-	-	15,541,090
Assigned	33,599,812	-	-	-	33,599,812
Unassigned	(71,456)	-	-	-	(71,456)
<b>Total fund balance</b>	<b>50,204,881</b>	<b>79,859,218</b>	<b>8,895,006</b>	<b>28,250,259</b>	<b>167,209,364</b>
<b>Total liabilities and fund balances</b>	<b>\$ 156,215,644</b>	<b>\$ 79,868,281</b>	<b>\$ 9,843,721</b>	<b>\$ 39,236,755</b>	<b>\$ 285,164,401</b>

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, 2015**

**Total Fund Balances - Total Governmental Funds** \$ 167,209,364

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 \$5,061,691 of internal service fund capital assets.) 517,116,709

Deferred outflows of resources reported in the Statement of Net Position are not reported in governmental funds. 24,810,885

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources 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	(42,350,673)	
Transfer of internal service funds to business-type activities	(365,174)	

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	(27,725,940)	
Lease revenue bonds	(12,324,514)	
Lease revenue refunding bonds, including premium	(1,690,379)	
Certificates of participation, including premium	(27,266,386)	
Revenue bonds	(165,000)	
California Energy Resources Conservation and Development Commission	(98,456)	
Pension liability	(260,662,491)	
Other post-employment benefits (OPEB) liability	(110,390,529)	
Compensated absences	(22,079,397)	
Capital leases	(4,731,155)	(467,134,247)

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. (1,003,267)

Deferred inflows of resources reported in the Statement of Net Position are not reported in governmental funds. (57,114,029)

**Net Position of Governmental Activities** \$ 141,169,568

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, 2015**

	Major Funds			Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Housing Fund	Capital Projects Fund		
<b>REVENUES:</b>					
Taxes	\$ 99,687,028	\$ -	\$ -	\$ 15,706,843	\$ 115,393,871
Licenses and permits	11,050,811	-	-	1,940	11,052,751
Fines, forfeits and penalties	4,713,148	-	-	7,302	4,720,450
Use of money and property	2,005,411	1,304,811	-	107,059	3,417,281
Aid from other governments	232,578,980	1,026,772	817,081	16,479,629	250,902,462
Charges for services	50,326,472	193,744	584,830	10,944,718	62,049,764
Other	3,962,344	466,112	239,490	5,500,442	10,168,388
<b>Total revenues</b>	<b>404,324,194</b>	<b>2,991,439</b>	<b>1,641,401</b>	<b>48,747,933</b>	<b>457,704,967</b>
<b>EXPENDITURES:</b>					
Current:					
General government	30,999,229	-	-	1,532,681	32,531,910
Public protection	124,019,686	-	-	13,872,993	137,892,679
Public ways and facilities	193,935	-	-	24,245,688	24,439,623
Health and sanitation	111,482,429	-	-	26,663	111,509,092
Public assistance	117,130,460	2,068,844	-	-	119,199,304
Education	113,540	-	-	5,211,368	5,324,908
Recreation and culture	6,082,284	-	-	1,073,520	7,155,804
Debt service:					
Principal	-	-	-	3,991,789	3,991,789
Interest and fiscal charges	162,213	-	-	3,077,138	3,239,351
Capital outlay	-	-	9,305,670	-	9,305,670
<b>Total expenditures</b>	<b>390,183,776</b>	<b>2,068,844</b>	<b>9,305,670</b>	<b>53,031,840</b>	<b>454,590,130</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>14,140,418</b>	<b>922,595</b>	<b>(7,664,269)</b>	<b>(4,283,907)</b>	<b>3,114,837</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	3,987,479	-	2,044,500	6,280,278	12,312,257
Transfers out	(8,730,706)	-	-	(9,975,655)	(18,706,361)
Inception of capital lease	92,808	-	-	-	92,808
<b>Total other financing sources (uses)</b>	<b>(4,650,419)</b>	<b>-</b>	<b>2,044,500</b>	<b>(3,695,377)</b>	<b>(6,301,296)</b>
<b>Net change in fund balances</b>	<b>9,489,999</b>	<b>922,595</b>	<b>(5,619,769)</b>	<b>(7,979,284)</b>	<b>(3,186,459)</b>
Fund balances - beginning	40,714,882	78,936,623	14,514,775	36,229,543	170,395,823
Fund balances - ending	<b>\$ 50,204,881</b>	<b>\$ 79,859,218</b>	<b>\$ 8,895,006</b>	<b>\$ 28,250,259</b>	<b>\$ 167,209,364</b>

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, 2015**

**Net Change in Fund Balances - Total Governmental Funds** \$ (3,186,459)

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:

Adjustment of capital asset beginning balances	\$ (181,848)	
Expenditures for general capital assets, infrastructure, and other related capital assets	27,077,681	
Retirement of capital assets	(31,810)	
Less current year depreciation	<u>(20,449,880)</u>	6,414,143

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 issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Inception of capital lease		(117,195)
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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	1,865,000	
Certificates of participation	2,035,000	
Lease revenue refunding bonds	61,789	
Revenue bonds	30,000	
California Energy Resources Conservation and Development Commission	39,597	
Scotts Valley Writ of Mandate	725,074	
Capital leases	<u>462,764</u>	5,219,224

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	21,476	
Change in accrued interest payable	(88,871)	
Change in compensated absences	30,770	
Change in pension liability	<u>2,179,823</u>	2,143,198

OPEB obligation costs do not require current resources, so they are not reported in the governmental funds.		(7,647,049)
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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.		9,013,794
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Reverse of prior year transfer of internal service funds to business-type activities.		316,555
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Transfer of internal service funds to business-type activities.		<u>(365,174)</u>
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<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ 11,791,037</u></u>
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See accompanying Notes to Basic Financial Statements

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# PROPRIETARY FUND

## FINANCIAL STATEMENTS

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**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.



**COUNTY OF SANTA CRUZ  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal Sites CSA 9C	Enterprise Funds		Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 397,623	\$ 5,471,305	\$ 5,868,928	\$ 30,604,469
Restricted cash	6,059,801	16,509	6,076,310	-
Receivables	667,116	1,310	668,426	893,703
Due from other funds	6,002,514	-	6,002,514	1,032,322
Deposits with others	-	-	-	150,000
Inventory	92,207	-	92,207	504,952
Prepaid items	-	-	-	75,056
Total current assets	<u>13,219,261</u>	<u>5,489,124</u>	<u>18,708,385</u>	<u>33,260,502</u>
Noncurrent assets:				
Loans receivable	-	88,817	88,817	-
Land	1,858,849	-	1,858,849	97,087
Construction in progress	6,038,596	230,189	6,268,785	3,517,319
Buildings and structures	25,835,004	18,742,284	44,577,288	3,307,521
Equipment	10,251,166	186,606	10,437,772	29,284,374
Accumulated depreciation	<u>(25,714,970)</u>	<u>(8,601,671)</u>	<u>(34,316,641)</u>	<u>(26,129,969)</u>
Capital assets, net	<u>18,268,645</u>	<u>10,557,408</u>	<u>28,826,053</u>	<u>10,076,332</u>
Total noncurrent assets	<u>18,268,645</u>	<u>10,646,225</u>	<u>28,914,870</u>	<u>10,076,332</u>
Total assets	<u>31,487,906</u>	<u>16,135,349</u>	<u>47,623,255</u>	<u>43,336,834</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	501,145	-	501,145	3,192,208
Total deferred outflows of resources	<u>501,145</u>	<u>-</u>	<u>501,145</u>	<u>3,192,208</u>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	2,465,750	325,757	2,791,507	1,889,883
Due to other funds	-	28,123	28,123	-
Advances from other funds	493,593	-	493,593	-
Current portion of long-term liabilities	-	42,463	42,463	-
Capital leases	653	-	653	410,243
Claims liability	-	-	-	8,252,692
Compensated absences, due within one year	-	-	-	3,132,384
Total current liabilities	<u>2,959,996</u>	<u>396,343</u>	<u>3,356,339</u>	<u>13,685,202</u>
Noncurrent liabilities:				
Long-term liabilities	-	406,501	406,501	-
Capital leases	-	-	-	2,389,357
Claims liability	-	-	-	30,734,218
Closure and postclosure care costs liability	5,842,849	-	5,842,849	-
Compensated absences, due in more than one year	-	-	-	1,185,298
Net pension liability	<u>5,265,018</u>	<u>-</u>	<u>5,265,018</u>	<u>33,537,256</u>
Total noncurrent liabilities	<u>11,107,867</u>	<u>406,501</u>	<u>11,514,368</u>	<u>67,846,129</u>
Total liabilities	<u>14,067,863</u>	<u>802,844</u>	<u>14,870,707</u>	<u>81,531,331</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	1,153,624	-	1,153,624	7,348,384
Total deferred inflows of resources	<u>1,153,624</u>	<u>-</u>	<u>1,153,624</u>	<u>7,348,384</u>
<b>NET POSITION</b>				
Net investment in capital assets	18,267,992	10,317,048	28,585,040	10,076,333
Restricted for:				
Debt service	216,952	43,427	260,379	-
Unrestricted	<u>(1,717,380)</u>	<u>4,972,030</u>	<u>3,254,650</u>	<u>(52,427,006)</u>
Total net position	<u>\$ 16,767,564</u>	<u>\$ 15,332,505</u>	<u>32,100,069</u>	<u>\$ (42,350,673)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			365,174	
Net Position of Business-type Activities per Government-Wide Financial Statements			<u>\$ 32,465,243</u>	

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, 2015**

	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	County	Nonmajor	Total	
	Disposal Sites CSA 9C	Enterprise Funds		
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 10,689,685	\$ 3,243,765	\$ 13,933,450	\$ 62,380,531
Provision of insured events for prior years	-	-	-	8,028,909
Other revenues	565,419	-	565,419	405,388
<b>Total operating revenues</b>	<u>11,255,104</u>	<u>3,243,765</u>	<u>14,498,869</u>	<u>70,814,828</u>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	-	-	-	33,544,659
Services and supplies	10,622,067	2,952,964	13,575,031	14,389,841
Insurance and compensation claims	-	-	-	12,851,322
Other	-	-	-	59,336
Depreciation and amortization	1,204,749	489,003	1,693,752	1,568,517
<b>Total operating expenses</b>	<u>11,826,816</u>	<u>3,441,967</u>	<u>15,268,783</u>	<u>62,413,675</u>
<b>Operating income (loss)</b>	<u>(571,712)</u>	<u>(198,202)</u>	<u>(769,914)</u>	<u>8,401,153</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	225,729	117,753	343,482	54,000
Interest and investment income	39,096	18,451	57,547	117,716
Property taxes	-	27,156	27,156	-
Gain/(loss) on disposal of capital assets	1,547	-	1,547	43,622
Interest expense	(154)	(8,338)	(8,492)	(24,287)
<b>Total nonoperating revenues (expenses)</b>	<u>266,218</u>	<u>155,022</u>	<u>421,240</u>	<u>191,051</u>
<b>Income (loss) before transfers</b>	<u>(305,494)</u>	<u>(43,180)</u>	<u>(348,674)</u>	<u>8,592,204</u>
Transfers in	6,002,514	-	6,002,514	421,590
Transfers out	(30,000)	-	(30,000)	-
<b>Change in net position</b>	<u>5,667,020</u>	<u>(43,180)</u>	<u>5,623,840</u>	<u>9,013,794</u>
Net position - beginning	17,062,070	15,375,685	32,437,755	(13,390,576)
Prior period adjustment	(5,961,526)	-	(5,961,526)	(37,973,891)
Net position - as restated	<u>11,100,544</u>	<u>15,375,685</u>	<u>26,476,229</u>	<u>(51,364,467)</u>
Net position - ending	<u>\$ 16,767,564</u>	<u>\$ 15,332,505</u>	<u>\$ 32,100,069</u>	<u>\$ (42,350,673)</u>
Change in Net Position of Business-type Activities			5,623,840	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			48,619	
Change in Net Position of Business-type Activities per Government-Wide Financial Statements			<u>\$ 5,672,459</u>	

See accompanying Notes to Basic Financial Statements



**COUNTY OF SANTA CRUZ  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities - Enterprise Funds			Governmental
	County	Nonmajor	Total	Activities
	Disposal Sites CSA 9C	Enterprise Funds		Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 10,836,161	\$ 3,472,048	\$ 14,308,209	\$ 20,825,555
Receipts from interfund charges for services	-	-	-	43,220,815
Payments to suppliers for goods and services	(4,746,102)	(2,286,329)	(7,032,431)	(23,379,630)
Payments to employees for salaries and benefits	-	-	-	(32,610,309)
Payments to other funds for services provided	(5,354,485)	(765,075)	(6,119,560)	-
Payments for judgments and claims	-	-	-	(5,813,029)
Other payments	-	(63,755)	(63,755)	(477,133)
<b>Net cash provided by operating activities</b>	<b>735,574</b>	<b>356,889</b>	<b>1,092,463</b>	<b>1,766,269</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	-	-	-	421,590
Operating grants	-	129,234	129,234	54,000
Principal paid on other long-term liabilities	-	(12,226)	(12,226)	-
Interest paid on other long-term liabilities	-	(5,742)	(5,742)	-
Property taxes	-	25,900	25,900	-
<b>Net cash provided by noncapital financing activities</b>	<b>-</b>	<b>137,166</b>	<b>137,166</b>	<b>475,590</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Proceeds from capital related debt	-	-	-	2,788,082
Acquisition and construction of capital assets	(4,329,579)	(154,818)	(4,484,397)	(6,122,938)
Principal paid on capital debt	(893)	(23,116)	(24,009)	(29,914)
Interest paid on capital debt	(128)	(5,560)	(5,688)	(1,667)
Proceeds from sale of capital assets	(1,547)	-	(1,547)	43,622
<b>Net cash (used) by capital and related financing activities</b>	<b>(4,332,147)</b>	<b>(183,494)</b>	<b>(4,515,641)</b>	<b>(3,322,815)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	39,096	24,193	63,289	117,715
<b>Net cash provided by investing activities</b>	<b>39,096</b>	<b>24,193</b>	<b>63,289</b>	<b>117,715</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(3,557,477)</b>	<b>334,754</b>	<b>(3,222,723)</b>	<b>(963,241)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	10,014,901	5,153,060	15,167,961	31,567,710
End of year	<b>\$ 6,457,424</b>	<b>\$ 5,487,814</b>	<b>\$ 11,945,238</b>	<b>\$ 30,604,469</b>

(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, 2015**

	Business-Type Activities - Enterprise Funds			Governmental
	County Disposal Sites CSA 9C	Nonmajor Enterprise Funds	Total	Activities Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY:</b>				
Operating activities:				
Operating income (loss)	\$ (571,712)	\$ (198,202)	\$ (769,914)	\$ 8,401,153
Adjustments to reconcile operating income (loss) to net cash (used) by operating activities:				
Depreciation and amortization	1,204,749	489,002	1,693,751	1,568,517
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	(91,988)	27,139	(64,849)	(130,524)
Inventory	27,563	-	27,563	6,570
Prepaid items	-	-	-	(31,259)
Due from other funds	-	-	-	(44,404)
Deferred outflows	(501,145)	-	(501,145)	(3,192,208)
Increase (decrease) in:				
Payables	312,065	92,093	404,158	(1,550,897)
Due to other funds	(101,074)	(53,143)	(154,217)	-
Accrued salaries and benefits	-	-	-	148,197
Compensated absences	-	-	-	(76,107)
Claims and judgments	-	-	-	(6,244,518)
Deferred inflows	1,153,624	-	1,153,624	7,348,384
Net pension liability	(696,508)	-	(696,508)	(4,436,635)
Total adjustments	1,307,286	555,091	1,862,377	(6,634,884)
<b>Net cash provided by operating activities</b>	<b>\$ 735,574</b>	<b>\$ 356,889</b>	<b>\$ 1,092,463</b>	<b>\$ 1,766,269</b>

See accompanying Notes to Basic Financial Statements



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# FIDUCIARY FUND

## FINANCIAL STATEMENTS

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***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.



**COUNTY OF SANTA CRUZ  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund	Total
<b>ASSETS</b>				
Cash and investments	\$ 40,590,783	\$ 371,829,794	\$ 13,308,970	\$ 425,729,547
Restricted cash with fiscal agents	-	-	9,093,441	9,093,441
Receivables	12,696,299	-	-	12,696,299
Prepaid insurance	-	-	1,742,122	1,742,122
Capital assets, net	-	-	9,119,254	9,119,254
<b>Total assets</b>	<b>\$ 53,287,082</b>	<b>\$ 371,829,794</b>	<b>\$ 33,263,787</b>	<b>\$ 458,380,663</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Loss on refunding of debt	\$ -	\$ -	\$ 341,167	\$ 341,167
<b>Total deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 341,167</b>	<b>\$ 341,167</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,186,572	\$ -	\$ 2,649	\$ 5,189,221
Interest payable	-	-	3,650,235	3,650,235
Due to other governmental units	22,001,614	-	-	22,001,614
Agency funds held for others	26,098,896	-	-	26,098,896
Long-term debt	-	-	230,661,081	230,661,081
<b>Total liabilities</b>	<b>\$ 53,287,082</b>	<b>\$ -</b>	<b>\$ 234,313,965</b>	<b>\$ 287,601,047</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred tax increment revenue	\$ -	\$ -	\$ 6,725,049	\$ 6,725,049
Gain on refunding of debt	-	-	121,852	121,852
<b>Total deferred inflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,846,901</b>	<b>\$ 6,846,901</b>
<b>NET POSITION</b>				
Net position held in trust	\$ -	\$ 371,829,794	\$ (207,555,912)	\$ 164,273,882

See accompanying Notes to Basic Financial Statements.



**COUNTY OF SANTA CRUZ  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Investment Trust Fund	Private Purpose Trust Fund	Total
<b>ADDITIONS</b>			
<b>Contributions:</b>			
Contribution to investment pool	\$ 1,387,660,813	\$ -	\$ 1,387,660,813
Contributions from other agencies	-	96,223	96,223
<b>Total contributions</b>	<u>1,387,660,813</u>	<u>96,223</u>	<u>1,387,757,036</u>
Investment income	1,517,696	37,249	1,554,945
Tax increment received	-	20,242,185	20,242,185
Other revenue	-	155,636	155,636
<b>Total Additions</b>	<u>1,389,178,509</u>	<u>20,531,293</u>	<u>1,409,709,802</u>
<b>DEDUCTIONS</b>			
Distributions from investment pool	1,354,585,626	-	1,354,585,626
Payments in accordance with trust agreements	-	15,752,183	15,752,183
<b>Total Deductions</b>	<u>1,354,585,626</u>	<u>15,752,183</u>	<u>1,370,337,809</u>
Change in net position held in trust:	<u>34,592,883</u>	<u>4,779,110</u>	<u>39,371,993</u>
Net position - beginning of year	<u>337,236,911</u>	<u>(212,335,022)</u>	<u>124,901,889</u>
Net position held in trust - end of year	<u>\$ 371,829,794</u>	<u>\$ (207,555,912)</u>	<u>\$ 164,273,882</u>





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# **NOTES TO BASIC FINANCIAL STATEMENTS**

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**COUNTY OF SANTA CRUZ  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2015  
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**COUNTY OF SANTA CRUZ  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 generally accepted accounting principles 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.

**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.

*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. Administrative services are provided by the County's Department of Public Works. Complete financial statements may be obtained from the Department of Public Works at 701 Ocean Street, Room 410, Santa Cruz, CA 95060.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**A. Reporting Entity** (Continued)

**Blended Component Units**, (Continued)

*Santa Cruz County Financing Authorities*

The Santa Cruz County Financing Authorities (Authorities) facilitate financing for the County. The Authorities are established and governed by the Board and are not legally required to adopt a budget. Administrative services are provided by the County. Complete 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*

- Aptos Seascapes County Service Area (CSA) 3
- 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 8
- Santa Cruz County Flood Control and Water Conservation Zone – General

*Health and Sanitation*

- Pasatiempo Rolling Woods Sewer District

*Recreation and Culture*

- Streetscape CSA 9E
- Parks and Recreation District CSA 11
- CSA 11 Zone E
- CSA 11L Lompico Community

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

*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 #4-41<sup>st</sup> 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
- Mosquito Abatement CSA 53
- Riverdale Park Road CSA 55
- Felton Grove CSA 56
- Mansfield Street Assessment Dist.
- Ridge Drive CSA 58
- McGaffigan Mill Road CSA 59

*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

**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 Generally Accepted Accounting Principles in the United States (GAAP) 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

*New Accounting Pronouncements*

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

*Governmental Accounting Standards Board Statement No. 68*

The primary objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions.

*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.

*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.

*Upcoming Accounting Pronouncements*

The following GASB Statements will become effective for fiscal years subsequent to June 30, 2015. The County is currently analyzing its accounting practices to determine the potential impact on the financial statements for these GASB Statements.

*Governmental Accounting Standards Board Statement No. 72*

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2015.

*Governmental Accounting Standards Board Statement No. 73*

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68* is intended to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this statement are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

*Governmental Accounting Standards Board Statement No. 74*

The objective of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2016



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

Upcoming Accounting Pronouncements, (Continued)

*Governmental Accounting Standards Board Statement No. 75*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and financial reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2017.

*Governmental Accounting Standards Board Statement No. 76*

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is intended to identify the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles in the United States (GAAP) and the framework for selecting those principles. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2015.

*Governmental Accounting Standards Board Statement No. 77*

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2015.

*Governmental Accounting Standards Board Statement No. 78*

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, impact of implementation on the County's financial statements has not been fully judged. The requirements of this statement are effective for the County's fiscal year beginning after June 15, 2015.

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

*Government–Wide Financial Statements.* (Continued)

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 nonmajor 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.

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 sheets. 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**B. *Basis of Accounting and Measurement Focus*** (Continued)

Governmental Fund Financial Statements, (Continued)

Reconciliations of the Governmental 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 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 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.

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 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 Successor Agency.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement 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. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased. A reservation of fund balance has been reported in the governmental funds to show that prepaid amounts do not constitute "available spendable resources."

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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

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 Fund 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***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 assets by the government that is applicable to a future reporting period, and an acquisition of net assets 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 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. Debt issuance costs should be reported as expenses in the period incurred

**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.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### L. Pensions

In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting (see Note 14 and the required supplementary information (RSI) on page 123 of this report), regardless of the amount recognized as pension expenditures on the governmental fund financial statements, which use the modified accrual basis of accounting.

In general, the County recognizes a net pension liability, which represents the County's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the County's prior fiscal year end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the County's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

### M. 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**M. Net Position and Fund Balances** (Continued)

**Fund Financial Statements** (Continued)

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.

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. 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 appropriated annually by the Board of Supervisors 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 of Supervisors 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 of Supervisors 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.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

***M. Net Position and Fund Balances*** (Continued)

**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.

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-Treasurer-Tax Collector's office located at 701 Ocean Street, Room 100, Santa Cruz, CA 95060.

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 of Supervisors, 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 of Supervisors appropriating the funds.

As of June 30, 2015, the County's Reserve for Economic Uncertainty fund balance was \$14,290,001 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 of Supervisors, 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 of Supervisors, and the State of California or the Federal government. Any use of funds requires a four-fifths vote of the Board of Supervisors appropriating the funds.

As of June 30, 2015, 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)

***N. Property Tax Levy, Collection and Maximum Rates***

The State of California Constitution, Article XIII A 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 XIII A 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:

	<u>Secured</u>	<u>Unsecured</u>
Levy Dates	July 1	July 1
Lien Dates	January 1	January 1
Due Dates	November 1 and February	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 collections 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)

**O. 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, 2015, was distributed on the thirtieth business day during June 2015, and is shown as part of receivables on the financial statements.

The following is a summary of cash and investments at June 30, 2015:

Government-Wide Statement of Net Position				
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Santa Cruz County Sanitation District
Cash and Investments	\$ 206,499,726	\$ 5,868,928	\$ 212,368,654	\$ 19,821,327
Restricted Cash and Investments	14,047,087	6,076,310	20,123,397	969,937
<b>Total Cash and Investments</b>	<b>\$ 220,546,813</b>	<b>\$ 11,945,238</b>	<b>\$ 232,492,051</b>	<b>\$ 20,791,264</b>
Fiduciary Funds				
	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund	County Total
Cash and Investments	\$ 40,590,783	\$ 371,829,794	\$ 13,308,970	\$ 657,919,528
Restricted Cash and Investments	-	-	9,093,441	30,186,775
<b>Total Cash and Investments</b>	<b>\$ 40,590,783</b>	<b>\$ 371,829,794</b>	<b>\$ 22,402,411</b>	<b>\$ 688,106,303</b>
	Cash and Investments	Restricted Cash and Investments	Total	
Primary Government and Fiduciary Funds:				
Cash on hand or imprest cash	\$ 3,021,442	\$ -	\$ 3,021,442	
Cash deposits in treasury pool	19,648,141	-	19,648,141	
Investments in treasury pool	615,428,618	-	615,428,618	
Restricted investments in other pools	-	23,157,037	23,157,037	
Restricted cash deposits in treasury pool:				
Davenport Sanitation District	-	-	-	
County Disposal Sites CSA 9C	-	6,059,801	6,059,801	
<b>Total</b>	<b>638,098,201</b>	<b>29,216,838</b>	<b>667,315,039</b>	
Component Unit:				
Investments in treasury pool	19,821,327	-	19,821,327	
Restricted investments in other banks	-	969,937	969,937	
<b>Total</b>	<b>19,821,327</b>	<b>969,937</b>	<b>20,791,264</b>	
<b>Total cash and investments</b>	<b>\$ 657,919,528</b>	<b>\$ 30,186,775</b>	<b>\$ 688,106,303</b>	

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

At June 30, 2015, 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	\$ 163,310	\$ 2,858,132	\$ 3,021,442
Deposits	19,648,141	-	19,648,141
Investments	620,322,066	24,323,390	644,645,456
<b>Total Primary Government and Fiduciary Funds</b>	<b>640,133,517</b>	<b>27,181,522</b>	<b>667,315,039</b>
Component Unit:			
Investments	19,821,327	969,937	20,791,264
<b>Total Component Unit</b>	<b>19,821,327</b>	<b>969,937</b>	<b>20,791,264</b>
<b>Total reporting entity</b>	<b>\$ 659,954,844</b>	<b>\$ 28,151,459</b>	<b>\$ 688,106,303</b>

The carrying amounts of the County's cash deposits were \$19,648,141 at June 30, 2015, of which the bank balances 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
Supranationals	5 years	30%	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 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, 2015, the County had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1	1 to 2	2 to 3	3 to 4	More than 4
U.S. Treasury Securities	\$ 226,511,293	\$ 61,041,740	\$ 107,514,950	\$ 57,954,603	\$ -	\$ -
Federal Agency Securities	283,626,245	50,046,900	134,634,010	98,945,335	-	-
Medium-Term Notes - Other	73,469,107	61,387,500	12,081,607	-	-	-
Money Market Mutual Funds	500,173	500,173	-	-	-	-
Local Agency Investment Fund (LAIF)	26,023,858	26,023,858	-	-	-	-
Certificates of Deposit	55,499,791	55,499,791	-	-	-	-
Investment Agreements	9,000,000	9,000,000	-	-	-	-
<b>Total investments</b>	<b>\$ 674,630,467</b>	<b>\$ 263,499,962</b>	<b>\$ 254,230,567</b>	<b>\$ 156,899,938</b>	<b>\$ -</b>	<b>\$ -</b>

**NOTE 2 - CASH AND INVESTMENTS** (Continued)

**C. Concentration of Credit Risk**

At June 30, 2015, 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, 2015.

Investments Type	Standard & Poor's	Moody's	% of Portfolio
U.S. Treasury Securities	AA+	Aaa	33.51%
Federal Agency Securities	AA+	Aaa	42.08%
Medium-Term Notes	AA/AAA	Aaa/Aa1-Aa3	10.90%
Money Market Mutual Funds	Unrated	Unrated	0.07%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	3.86%
Certificates of Deposit	A1+	P1	5.94%
Checking Account	Unrated	Unrated	2.30%
Investment Agreements	Unrated	Unrated	1.34%
<b>Total</b>			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, 2015, 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, 2015, the County had \$26,023,858 invested in LAIF, which had invested 0.13% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 0.21% in the previous year. LAIF provided a fair value factor of 1.000375979 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, 2015, that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities

Nonmajor Governmental Funds:	
Used for debt service	<u>\$ 14,047,087</u>

Business-Type Activities

County Disposal Site CSA 9C:	
Used for landfill deposits	6,059,801
Davenport Sanitation District:	
Used for debt service and bond reserves	<u>16,509</u>
	6,076,310

Component Unit

Santa Cruz County Sanitation District:	
Used for debt service	<u>969,937</u>

Fiduciary Funds

County of Santa Cruz Redevelopment Successor Agency:	
Used for debt service	<u>9,093,441</u>
	<u>\$ 30,186,775</u>

**NOTE 4 - RECEIVABLES**

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

	General Fund	Housing Fund	Capital Projects Fund	Nonmajor Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities:						
Accounts	\$ 24,693,072	\$ 1,532,629	\$ 1,370,898	\$ 4,316,284	\$ 893,703	\$ 32,806,586
Taxes	1,747,428	-	-	-	-	1,747,428
Gross receivables	26,440,500	1,532,629	1,370,898	4,316,284	893,703	34,554,014
Less: allowance for uncollectibles	(1,406,746)	-	-	-	-	(1,406,746)
<b>Net receivables</b>	<u>\$ 25,033,754</u>	<u>\$ 1,532,629</u>	<u>\$ 1,370,898</u>	<u>\$ 4,316,284</u>	<u>\$ 893,703</u>	<u>\$ 33,147,268</u>
Business-Type Activities:						
Accounts receivable	<u>\$ 667,116</u>	<u>\$ 1,310</u>	<u>\$ 668,426</u>			

**NOTE 5 - INTERFUND TRANSACTIONS**

**A. Government-Wide Financial Statements**

Long-Term Internal Balances

At June 30, 2015, the County had the following long-term internal balances:

	<b>Internal Balances Receivables</b>
	Governmental Activities
<b>Internal Balances Payable</b>	
Business-Type Activities	\$ 5,845,972

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, 2015:

Due to Other Funds	Due from Other Funds				
	General	Capital Projects	County Disposal Sites CSA 9C	Internal Service	Total
	Fund	Fund	Fund	Funds	
Capital Projects Fund	\$ 128,440	\$ -	\$ -	\$ -	\$ 128,440
Nonmajor Governmental Funds	1,697,255	15,662	6,002,514	1,004,199	8,719,630
Nonmajor Enterprise Funds	-	-	-	28,123	28,123
<b>Total</b>	<b>\$ 1,825,695</b>	<b>\$ 15,662</b>	<b>\$ 6,002,514</b>	<b>\$ 1,032,322</b>	<b>\$ 8,876,193</b>

The General Fund is due \$1,825,695, the Capital Projects Fund is due \$15,662 and the County Disposal Sites CSA 9C Fund is due \$6,002,514 from the Public and Capital Financing Authorities Funds for anticipated certificate of participation drawdowns.

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, 2015:

<b>Advances from Other Funds</b>		<b>Advances to Other Funds</b>
		Financing Authorities Fund
	County Disposal Sites CSA 9C Fund	\$ 493,593

This balance consists of a long-term advance between the Financing Authorities Fund and the County Disposal Sites CSA 9C Fund of \$493,593.

Transfers in/out

The County had the following transfers for the year ending June 30, 2015:

<b>Transfers Out</b>	<b>Transfers In</b>					
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	County Disposal Sites CSA 9C	Total
	General Fund	\$ -	\$ 2,028,838	\$ 6,280,278	\$ 421,590	\$ -
Housing Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	3,957,479	15,662	-	-	6,002,514	9,975,655
County Disposal Sites CSA 9C Fund	30,000	-	-	-	-	30,000
<b>Total</b>	<b>\$ 3,987,479</b>	<b>\$ 2,044,500</b>	<b>\$ 6,280,278</b>	<b>\$ 421,590</b>	<b>\$ 6,002,514</b>	<b>\$ 18,736,361</b>

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

Transfers to/from other funds at June 30, 2015 are as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Capital Projects Fund	\$ 2,028,838	To finance various facilities capital projects
	Nonmajor Governmental Funds	6,280,278	To Financing Authorities Fund for debt service
	Internal Service Fund	421,590	To Fleet internal service fund to purchase vehicles
		<u>8,730,706</u>	
Nonmajor Governmental Funds	General Fund	1,296,701	Mosquito Abatement Fund to General Fund for salaries
	General Fund	943,831	Debt Service Fund
	General Fund	1,716,947	Financing Authorities Fund drawdown for General Fund
	Capital Projects Fund	15,662	Financing Authorities Fund Certificates of Participation drawdown for capital projects
	County Disposal Sites CSA 9C Fund	<u>6,002,514</u>	Drawdown from Financing Authorities Fund to fund
		9,975,655	
County Disposal Sites CSA 9C Fund	General Fund	30,000	Reimbursement of services to General Fund
		<u>\$18,736,361</u>	

**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:

<b>Loans Receivable</b>	
<b><u>Homeowner Loans</u></b>	
First Time Homebuyer Program	\$ 5,887,248
Hand loans	3,677,647
Mobile Home Change Out Program	5,231,980
Mobile Home Rehab Program	301,072
Mobile Home Rehab Program (Bonds)	23,069
Sorrento Oaks	10,000
Total Homeowner Loans	15,131,016
<b><u>Housing Project Loans</u></b>	
Aptos Cottages (Miller)	7,909,956
CFSC, Inc - Brommer St	2,372,711
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	86,578
Mercy - McIntosh (Coach Loan)	348,665
Mercy - Rehab	95,236
MidPen Housing - St. Stephens	1,872,802
Mid-Peninsula the Farm, Inc	2,004,265
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	96,386
San Andreas	700,000
South County Housing Corp	4,907,117
St. Stephens Predevelopment	421,832
Vista Verde Family Housing	1,165,000
Total Housing Project Loans	41,977,035
<b><u>City of Watsonville Loan</u></b>	128,000
Total Loans Receivable	\$ 57,236,051

The St. Stephens Predevelopment loan is an unsecured loan, which will be converted to a loan secured by the deed of trust to the property upon commencement of development. 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, 2015:

**Nonmajor business-type fund:**

Septic tank maintenance CSA 12	\$	88,817
<b>Total business-type loans receivable</b>	<b>\$</b>	<b>88,817</b>

**NOTE 7 - CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

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

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>Balance June 30, 2015</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 60,802,680	\$ 1,940,208	\$ (101,350)	\$ 863,040	\$ 63,504,578
Construction-in-progress	18,460,192	10,602,095	-	(19,065,704)	9,996,583
Total capital assets, not being depreciated	<u>79,262,872</u>	<u>12,542,303</u>	<u>(101,350)</u>	<u>(18,202,664)</u>	<u>73,501,161</u>
Capital assets, being depreciated:					
Infrastructure	596,153,931	13,989,881	-	-	610,143,812
Buildings	161,740,495	228,004	(113,907)	18,213,352	180,067,944
Machinery and equipment	46,951,572	6,501,751	(4,314,208)	(10,688)	49,128,427
Total capital assets, being depreciated	<u>804,845,998</u>	<u>20,719,636</u>	<u>(4,428,115)</u>	<u>18,202,664</u>	<u>839,340,183</u>
Less accumulated depreciation for:					
Infrastructure	(249,448,219)	(13,839,055)	-	-	(263,287,274)
Buildings	(77,108,264)	(5,440,671)	50,158	-	(82,498,777)
Machinery and equipment	(41,348,000)	(2,130,697)	3,616,444	-	(39,862,253)
Total accumulated depreciation	<u>(367,904,483)</u>	<u>(21,410,423)</u>	<u>3,666,602</u>	<u>-</u>	<u>(385,648,304)</u>
Total capital assets, being depreciated, net	<u>436,941,515</u>	<u>(690,787)</u>	<u>(761,513)</u>	<u>18,202,664</u>	<u>453,691,879</u>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 516,204,387</u></b>	<b><u>\$ 11,851,516</u></b>	<b><u>\$ (862,863)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 527,193,040</u></b>

**NOTE 7 - CAPITAL ASSETS** (Continued)

**A. Government-Wide Financial Statements,** (Continued)

Depreciation expense was charged to governmental functions as follows:

	<u>Total</u>
<u>Governmental Activities:</u>	
General government	\$ 1,353,441
Public protection	2,630,898
Public ways and facilities	13,842,408
Health and sanitation	1,191,666
Public assistance	808,856
Education	218,032
Recreation and culture	404,579
Subtotal	<u>20,449,880</u>
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	960,543
<b>Total</b>	<u><u>\$ 21,410,423</u></u>

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

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclassifications</u>	<u>June 30, 2015</u>
<b>Business-Type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 1,858,849	\$ -	\$ -	\$ -	\$ 1,858,849
Construction-in-progress	264,518	6,161,079	-	(156,812)	6,268,785
Total capital assets, not being depreciated	<u>2,123,367</u>	<u>6,161,079</u>	<u>-</u>	<u>(156,812)</u>	<u>8,127,634</u>
Capital assets, being depreciated:					
Buildings	44,420,476	-	-	156,812	44,577,288
Machinery and equipment	10,383,846	53,926	-	-	10,437,772
Total capital assets, being depreciated	<u>54,804,322</u>	<u>53,926</u>	<u>-</u>	<u>156,812</u>	<u>55,015,060</u>
Less accumulated depreciation for:					
Buildings	(22,631,352)	(1,501,431)	-	-	(24,132,783)
Machinery and equipment	(9,991,538)	(192,320)	-	-	(10,183,858)
Total accumulated depreciation	<u>(32,622,890)</u>	<u>(1,693,751)</u>	<u>-</u>	<u>-</u>	<u>(34,316,641)</u>
Total capital assets, being depreciated, net	<u>22,181,432</u>	<u>(1,639,825)</u>	<u>-</u>	<u>156,812</u>	<u>20,698,419</u>
<b>Business-Type activities capital assets, net</b>	<u><u>\$ 24,304,799</u></u>	<u><u>\$ 4,521,254</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,826,053</u></u>

**NOTE 7 - CAPITAL ASSETS** (Continued)

**A. Government-Wide Financial Statements,** (Continued)

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

	<u>Total</u>
<u>Business-Type Activities:</u>	
County Disposal Sites CSA 9C	\$ 1,204,750
Boulder Creek CSA 7	62,508
Rolling Woods CSA 10	9,319
Septic Tank Maintenance CSA 12	2,709
Freedom County Sanitation District	207,938
Davenport Sanitation District	165,389
Place de Mer CSA 2	5,542
Sand Dollar Beach CSA 5	34,918
Trestle Beach CSA 20	678
<b>Total</b>	<u><u>\$ 1,693,751</u></u>

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

	Balance July 1, 2014	Additions	Deletions	Reclassification	Balance June 30, 2015
Nondepreciable assets:					
Construction-in-progress	\$ 7,029,417	\$ 7,572,352	\$ (112,802)	\$ (1,238,188)	\$ 13,250,779
Total nondepreciable assets	<u>7,029,417</u>	<u>7,572,352</u>	<u>(112,802)</u>	<u>(1,238,188)</u>	<u>13,250,779</u>
Depreciable assets:					
Pumping stations	42,086,148	497,271	-	225,342	42,808,761
Transmission systems	101,772,327	6,536,388	-	1,012,846	109,321,561
Sewage treatment capacity rights	35,148,509	-	-	-	35,148,509
Mobile equipment	3,666,097	43,957	(330,585)	-	3,379,469
Other equipment	2,394,817	57,876	-	-	2,452,693
Total depreciable assets	<u>185,067,898</u>	<u>7,135,492</u>	<u>(330,585)</u>	<u>1,238,188</u>	<u>193,110,993</u>
Accumulated depreciation:					
Pumping stations	(20,972,887)	(1,062,571)	(110,608)	-	(22,146,066)
Transmission systems	(35,087,331)	(2,342,305)	-	-	(37,429,636)
Sewage treatment capacity rights	(13,088,560)	(912,948)	-	-	(14,001,508)
Mobile equipment	(2,802,729)	(191,476)	330,585	-	(2,663,620)
Other equipment	(1,690,051)	(127,765)	-	-	(1,817,816)
Total accumulated depreciation	<u>(73,641,558)</u>	<u>(4,637,065)</u>	<u>219,977</u>	<u>-</u>	<u>(78,058,646)</u>
Depreciable assets, net	<u>111,426,340</u>	<u>2,498,427</u>	<u>(110,608)</u>	<u>1,238,188</u>	<u>115,052,347</u>
Total capital assets, net	<u><u>\$ 118,455,757</u></u>	<u><u>\$ 10,070,779</u></u>	<u><u>\$ (223,410)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 128,303,126</u></u>

Depreciation expense for the District at June 30, 2015, is \$4,637,065.

**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, 2015, was as follows:

<u>Fiscal Year</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Accrued Interest</u>	<u>Ending Balance</u>
2014	1.0%	\$ 50,997,222	\$ 50,000,000	\$(50,997,222)	\$ 997,222	\$ 50,997,222
2015	1.0%	\$ 50,997,222	\$ 50,000,000	\$(50,997,222)	\$ 498,611	\$ 50,498,611

**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, 2015, were \$2,115,320.

As of June 30, 2015, the County has future minimum operating lease payments with a remaining term in excess of one year as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 1,527,362
2017	1,328,954
2018	1,321,376
2019	1,211,465
2020	1,053,438
2021-2025	2,384,542
2026-2030	266,928
2031-2035	302,005
2036-2040	341,691
2041-2045	386,592
2046-2050	437,393
2051-2055	494,870
2056-2060	559,900
	<u>\$ 11,616,516</u>

**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, 2015
<b>Government-Wide Activities</b>		
<u>Governmental Activities:</u>		
Energy efficient infrastructure	3.62%	\$ 4,342,167
Elections Equipment	6.82%	151,674
Parks, Open Space & Cultural Services-Mower	4.34%	33,935
Treasurer's check remittance-processor	4.24%	14,635
Copy machines	12.54%	188,744
<b>Subtotal Governmental Activities:</b>		<u>4,731,155</u>
<u>Internal Service Fund Activities:</u>		
Central duplicating-copy machine	6.70%	11,517
Public Works copy machines	10.75%	15,235
Information Services Phone System	5.25%	2,772,848
<b>Subtotal Internal Service Fund Activities:</b>		<u>2,799,600</u>
<b>Total government-wide capital lease obligations</b>		<u><u>\$ 7,530,755</u></u>
<b>Business-type Activities</b>		
<u>Enterprise Fund Activities</u>		
County Disposal Sites CSA 9C Copy Machines	12.54%	\$ 653
<b>Total business-type capital lease obligations</b>		<u><u>\$ 653</u></u>

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

	Governmental Activities	Business-Type Activities
Equipment, computers, furniture, and vehicles	\$ 1,071,272	\$ 4,366
Structures and improvements	6,041,400	-
<b>Total assets under capital leases</b>	7,112,672	4,366
Less: accumulated depreciation	(2,150,088)	(4,366)
<b>Net</b>	<u><u>\$ 4,962,584</u></u>	<u><u>\$ -</u></u>

**NOTE 9 – LEASES** (Continued)

**B. Capital Leases,** (Continued)

As of June 30, 2015, capital lease annual amortization is as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2016	\$ 1,190,246	\$ 680
2017	1,147,144	-
2018	1,124,590	-
2019	1,009,101	-
2020	999,925	-
2021-2025	2,796,926	-
2026-2027	898,855	-
<b>Total Requirements</b>	9,166,787	680
Less: Interest	(1,636,032)	(27)
Present Value of Remaining Payments	<u>\$ 7,530,755</u>	<u>\$ 653</u>



## NOTE 10 - LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the year ended June 30, 2015:

	Balance July 1, 2014	Debt Issued	Debt Retired or Transferred Out	Balance June 30, 2015	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt:</b>						
1996 Refunding Certificates of Participation	\$ 15,550,000	\$ -	\$ (860,000)	\$ 14,690,000	\$ 905,000	\$ 13,785,000
2002 Refunding Certificates of Participation	1,960,000	-	(65,000)	1,895,000	65,000	1,830,000
2002 Unamortized bond premium	77,839	-	(4,208)	73,631	4,208	69,423
<b>Subtotal</b>	<b>2,037,839</b>	<b>-</b>	<b>(69,208)</b>	<b>1,968,631</b>	<b>69,208</b>	<b>1,899,423</b>
2005 Refunding Certificates of Participation	5,465,000	-	(660,000)	4,805,000	700,000	4,105,000
2005 Unamortized bond discount	(28,199)	-	4,339	(23,860)	(4,339)	(19,521)
<b>Subtotal</b>	<b>5,436,801</b>	<b>-</b>	<b>(655,661)</b>	<b>4,781,140</b>	<b>695,661</b>	<b>4,085,479</b>
1999 Local Agency Revenue Bonds	195,000	-	(30,000)	165,000	30,000	135,000
2004 Certificates of Participation	14,095,000	-	(1,150,000)	12,945,000	1,195,000	11,750,000
2004 Unamortized bond premium	13,688	-	(1,369)	12,319	1,369	10,950
<b>Subtotal</b>	<b>14,108,688</b>	<b>-</b>	<b>(1,151,369)</b>	<b>12,957,319</b>	<b>1,196,369</b>	<b>11,760,950</b>
2006 Certificates of Participation	6,685,000	-	(385,000)	6,300,000	400,000	5,900,000
2006 Unamortized bond discount	(47,023)	-	2,090	(44,933)	(2,090)	(42,843)
<b>Subtotal</b>	<b>6,637,977</b>	<b>-</b>	<b>(382,910)</b>	<b>6,255,067</b>	<b>397,910</b>	<b>5,857,157</b>
2008 Certificates of Participation	3,040,000	-	(350,000)	2,690,000	360,000	2,330,000
2008 Unamortized bond premium	64,756	-	(6,816)	57,940	6,816	51,124
<b>Subtotal</b>	<b>3,104,756</b>	<b>-</b>	<b>(356,816)</b>	<b>2,747,940</b>	<b>366,816</b>	<b>2,381,124</b>
2011 Certificates of Participation	5,460,000	-	(150,000)	5,310,000	155,000	5,155,000
2011 Unamortized bond discount	(4,128)	-	188	(3,940)	(188)	(3,752)
<b>Subtotal</b>	<b>5,455,872</b>	<b>-</b>	<b>(149,812)</b>	<b>5,306,060</b>	<b>154,812</b>	<b>5,151,248</b>
2012 Lease Revenue Refunding Bond, Series A	1,768,116	-	(61,789)	1,706,327	64,166	1,642,161
2012 Unamortized bond discount	(16,787)	-	839	(15,948)	(839)	(15,109)
<b>Subtotal</b>	<b>1,751,329</b>	<b>-</b>	<b>(60,950)</b>	<b>1,690,379</b>	<b>63,327</b>	<b>1,627,052</b>
2014 Refunding Certificates of Participation	6,285,000	-	(280,000)	6,005,000	250,000	5,755,000
2014 Unamortized bond premium	297,707	-	(16,539)	281,168	16,539	264,629
<b>Subtotal</b>	<b>6,582,707</b>	<b>-</b>	<b>(296,539)</b>	<b>6,286,168</b>	<b>266,539</b>	<b>6,019,629</b>
2014 Lease Revenue Bonds	11,810,000	-	-	11,810,000	395,000	11,415,000
2014 Unamortized bond premium	514,514	-	-	514,514	25,726	488,788
<b>Subtotal</b>	<b>12,324,514</b>	<b>-</b>	<b>-</b>	<b>12,324,514</b>	<b>420,726</b>	<b>11,903,788</b>
California Energy Resources Conservation and Development Commission	138,053	-	(39,597)	98,456	40,788	57,668
City of Scotts Valley Writ of Mandate	725,074	-	(725,074)	-	-	-
<b>Subtotal bonds and loans payable</b>	<b>74,048,610</b>	<b>-</b>	<b>(4,777,936)</b>	<b>69,270,674</b>	<b>4,607,156</b>	<b>64,663,518</b>
OPEB Liability	102,743,480	7,647,049	-	110,390,529	-	110,390,529
Compensated absences	22,110,167	17,578,588	(17,609,358)	22,079,397	17,584,852	4,494,545
Capital leases	5,076,724	117,195	(462,764)	4,731,155	445,679	4,285,476
<b>Total governmental activities</b>	<b>\$ 203,978,981</b>	<b>\$ 25,342,832</b>	<b>\$ (22,850,058)</b>	<b>\$ 206,471,755</b>	<b>\$ 22,637,687</b>	<b>\$ 183,834,068</b>

**NOTE 10 - LONG-TERM DEBT (Continued)**

	Balance July 1, 2014	Debt Issued	Debt Retired	Balance June 30, 2015	Due in One Year	Due in More Than One Year
<b>Governmental Activities Debt, Continued:</b>						
<b>Internal Service Funds</b>						
Compensated absences	\$ 4,393,789	\$ 3,124,630	\$ (3,200,737)	\$ 4,317,682	\$ 3,132,384	\$ 1,185,298
Estimated claims	46,984,023	10,618,009	(18,615,122)	38,986,910	8,252,692	30,734,218
Capital leases	18,955	3,319,041	(538,396)	2,799,600	410,243	2,389,357
<b>Total Internal Service Funds</b>	<b>\$ 51,396,767</b>	<b>\$ 17,061,680</b>	<b>\$ (22,354,255)</b>	<b>\$ 46,104,192</b>	<b>\$ 11,795,319</b>	<b>\$ 34,308,873</b>
<b>Total Government-Wide Activities</b>						
Compensated absences	\$ 26,503,956	\$ 20,703,218	\$ (20,810,095)	\$ 26,397,079	\$ 20,717,236	\$ 5,679,843
Estimated claims	46,752,428	10,618,009	(18,615,122)	38,986,910	8,252,692	30,734,218
Other long-term liabilities:						
Bonds and loans payable	74,048,610	-	(4,777,936)	69,270,674	4,607,156	64,663,518
Capital leases	5,095,679	3,436,236	(1,001,160)	7,530,755	855,922	6,674,833
<b>Subtotal other long-term liabilities</b>	<b>79,144,289</b>	<b>3,436,236</b>	<b>(5,779,096)</b>	<b>76,801,429</b>	<b>5,463,078</b>	<b>71,338,351</b>
OPEB liability	102,743,480	7,647,049	-	110,390,529	-	110,390,529
<b>Total Government-Wide Activities</b>	<b>\$ 255,144,153</b>	<b>\$ 42,404,512</b>	<b>\$ (45,204,313)</b>	<b>\$ 252,575,947</b>	<b>\$ 34,433,006</b>	<b>\$ 218,142,941</b>
<b>Business-Type Activities</b>						
<i>Enterprise Funds</i>						
<i>Loans payable</i>						
Septic Tank Maintenance CSA 12	\$ 220,832	\$ -	\$ (12,226)	\$ 208,606	\$ 12,544	\$ 196,062
Davenport Sanitation District	269,509	-	(29,151)	240,358	29,919	210,439
<b>Total Loans Payable</b>	<b>490,341</b>	<b>-</b>	<b>(41,377)</b>	<b>448,964</b>	<b>42,463</b>	<b>406,501</b>
<i>Postclosure Liability</i>						
Enterprise Fund - County Disposal Sites CSA 9	5,599,517	243,332	-	5,842,849	-	5,842,849
<i>Capital Leases</i>	1,860	-	(1,207)	653	653	-
<b>Total Business-Type Activities</b>	<b>\$ 6,091,718</b>	<b>\$ 243,332</b>	<b>\$ (42,584)</b>	<b>\$ 6,292,466</b>	<b>\$ 43,116</b>	<b>\$ 6,249,350</b>
<b>Component Unit - Santa Cruz County</b>						
<b>Sanitation District</b>						
2005 Wastewater Revenue Refunding Bonds	\$ 3,910,000	\$ -	\$ (840,000)	\$ 3,070,000	\$ 890,000	\$ 2,180,000
2005 Unamortized bond premium	21,135	-	(2,235)	18,900	2,235	16,665
2004 Limited Obligation Refunding						
Improvement Bonds	405,000	-	(75,000)	330,000	75,000	255,000
2009 State Water Resources Control Board Loan	11,343,646	-	(506,722)	10,836,924	519,390	10,317,534
Loans payable	7,532,957	-	(1,444,658)	6,088,299	1,484,348	4,603,951
<b>Total Component Unit</b>	<b>\$ 23,212,738</b>	<b>\$ -</b>	<b>\$ (2,868,615)</b>	<b>\$ 20,344,123</b>	<b>\$ 2,970,973</b>	<b>\$ 17,373,150</b>

**NOTE 10 - LONG-TERM DEBT (Continued)**

Descriptions of the long-term liabilities at June 30, 2015, are as follows:

**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: Health Services Administration Building/Jail Infirmary

Serial certificates	9/1/97-9/1/26	4.00-5.65%	\$190,000-\$1,065,000	\$	20,955,000	\$	10,790,000
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	<u>14,690,000</u>

2002 Issue (refinanced road improvements, a detention facility, a library, equipment, purchase of parkland and 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		635,000
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		73,631
						Total 2002 Issue	<u>1,968,631</u>

2005 Issue (defeased 1995A Lease Revenue Refunding Bonds and financed construction of and improvements to the Santa Cruz County Water Street and Roundtree 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		4,805,000
Unamortized bond discount					(67,249)		(23,860)
						Total 2005 Issue	<u>4,781,140</u>

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		6,005,000
Unamortized bond premium					297,707		281,168
						Total 2014 Issue	<u>6,286,168</u>

Total Refunding Certificates of Participation	<u>27,395,000</u>
Net Premiums/(Discounts)	<u>330,939</u>
Total including Premiums/(Discounts)	<u>\$ 27,725,939</u>

*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	<u>\$ 12,324,514</u>

*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	\$	1,223,897
Term Bonds	6/15/31-6/15/34	5.00%			482,430		482,430
Unamortized bond premium					18,465		(15,948)
						Total Lease Revenue Refunding Bonds	<u>\$ 1,690,379</u>

**NOTE 10 - LONG-TERM DEBT (Continued)**

<u>Type of Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2015</u>
<b>Governmental Activities, Continued:</b>					
<b>Financing Authorities, Continued</b>					
<i>Local Agency Revenue Bonds</i>					
1999 Issue (defeased 1992 Place de Mer and 1993 Sand Dollar Beach Districts bonds 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	\$ 165,000
<i>Certificates of Participation</i>					
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	\$ 12,945,000
Unamortized bond premium				27,378	12,319
				Total 2004 Issue	12,957,319
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	3,525,000
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)	(44,933)
				Total 2006 Issue	6,255,067
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	2,690,000
Unamortized bond premium				102,244	57,940
				Total 2008 Issue	2,747,940
2011 Series Issue (financed improvements to Veteran's Building and Main Jail roof)					
Collateral: Human Services Department Application Center					
Serial certificates	8/1/12-8/1/21	2.00-4.00%	\$145,000-\$340,000	\$ 1,495,000	1,200,000
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)	(3,940)
				Total 2011 Issue	5,306,060
				Total Certificates of Participation	27,245,000
				Net Premiums/(Discounts)	21,386
				Total including Premiums/(Discounts)	\$ 27,266,386

**NOTE 10 - LONG-TERM DEBT (Continued)**

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2015
<b>Governmental Activities, Continued:</b>					
<i>Capital leases</i>					
Energy efficient infrastructure	2008 - 2027	3.62%	\$135,989 - \$220,635	\$ 5,989,594	\$ 4,342,167
Elections equipment	2014 - 2017	6.82%	\$47,874 - \$56,225	263,175	151,674
Parks, Open Space & Cultural Services					
Mower	2013 - 2018	4.34%	\$11,796 - \$12,307	56,626	33,935
Treasurer's - check remittance processor	2011 - 2016	4.24%	\$4,033 - \$18,806	89,348	14,635
Copy Machines	2011 - 2016	6.70% - 12.54%	\$1,464 - \$48,812	211,672	188,744
			<b>Total Governmental Activities</b>		<b>\$ 4,731,155</b>
<b>Business-Type Activities:</b>					
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	\$ 68,599
California Technology, Trade & Commerce Agency (fund sanitation system improvements)					
	2/28/95-7/1/25	2.75%	\$3,550-\$4,817	310,691	126,953
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	44,806
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	208,606
				<b>Total Loans</b>	<b>448,964</b>
Landfill postclosure					<b>5,842,849</b>
Capital Leases	2012-2016	12.50%	\$682-\$1364	4,377	653
			<b>Total Business-Type Activities</b>		<b>\$ 6,292,466</b>

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Payments	Original Issue Amount	Outstanding at June 30, 2015
<b>Component Unit - Santa Cruz County Sanitation District (District)</b>					
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	\$ 3,070,000
Unamortized bond premium				41,252	18,900
					<b>3,088,900</b>
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	330,000
Loans payable - City of Santa Cruz (construct treatment plant expansion)	2018	1.60%	\$1,444,657-\$1,563,340	7,532,957	6,088,299
2009 State Water Resources Control Board Loan	2013-2032	2.50%	\$630,445-\$959,296	11,981,910	10,836,924
			<b>Total Component Unit</b>		<b>\$ 20,344,123</b>

**NOTE 10 - LONG-TERM DEBT** (Continued)

**A. Governmental Activities**

At June 30, 2015, annual debt service requirements of governmental activities to maturity are as follows:

*Financing Authorities*

Year Ending June 30,	Refunding Certificates of Participation		Lease Revenue Bonds		Lease Revenue Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	2,350,000	924,314	445,000	410,638	71,295	64,385
2021-2025	9,555,000	3,042,646	2,590,000	1,738,263	396,876	281,767
2026-2030	5,810,000	794,421	3,195,000	1,126,469	489,557	190,358
2031-2035	1,395,000	76,341	3,905,000	402,700	482,430	61,908
2036-2040	-	-	-	-	-	-
<b>Total</b>	<b>\$ 27,395,000</b>	<b>\$ 9,573,890</b>	<b>\$ 11,800,000</b>	<b>\$ 5,491,147</b>	<b>\$ 1,706,327</b>	<b>\$ 875,826</b>

Year Ending June 30,	Local Agency Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
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	35,000	963	2,010,000	858,131
2021-2025	-	-	9,455,000	2,815,784
2026-2030	-	-	2,580,000	1,424,978
2031-2035	-	-	3,230,000	761,759
2036-2040	-	-	1,515,000	73,625
<b>Total</b>	<b>\$ 165,000</b>	<b>\$ 23,513</b>	<b>\$ 27,245,000</b>	<b>\$ 10,258,099</b>

**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.

*Energy Resources Conservation and Development Commission Loan*

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 an 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 \$43,445. The outstanding balance of the loan is \$98,456.

**B. *Business-Type Activities***

At June 30, 2015, annual debt service requirements for loans payable of business-type activities to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 42,463	\$ 9,625
2017	43,578	8,634
2018	44,724	7,618
2019	45,899	6,575
2020	186,112	18,048
2021-2025	86,188	4,104
<b>Total</b>	<b><u>\$ 448,964</u></b>	<b><u>\$ 54,604</u></b>

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

**NOTE 10 - LONG-TERM DEBT** (Continued)

**C. Component Unit**

At June 30, 2015, 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
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	2,078,104	288,056
2019	565,000	19,725	90,000	2,363	2,122,666	243,494
2020	140,000	2,800	-	-	573,309	217,004
2021-2025	-	-	-	-	3,088,838	862,726
2026-2030	-	-	-	-	3,494,736	456,827
2031-2032	-	-	-	-	1,523,266	57,358
<b>Total</b>	<b>\$ 3,070,000</b>	<b>\$ 279,250</b>	<b>\$ 330,000</b>	<b>\$ 35,380</b>	<b>\$ 16,925,223</b>	<b>\$ 2,813,480</b>

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 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 \$24.4 million of the original principal amount. These funds were used to construct the treatment plant expansion of which the District has capacity rights. On December 12, 2013, the City refunded the existing \$2.7 million 2005 Wastewater Bonds and \$16.0 million in State Revolving Funds, and issued \$18.7 million in 2013 Wastewater Revenue Refunding Bonds. The amount of the District's portion outstanding as of June 30, 2015, is \$6,088,299.

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, 2015, the District has received a total of \$11,891,910 in loan disbursements pursuant to this Agreement. Pursuant to the Agreement, the interest rate is 2.5% and the District has begun making payments to repay the loan in the 2013/2014 fiscal year.

**D. Legal Debt Limit**

The County's legal annual debt service limit as of June 30, 2015, is \$479,023,044. 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.



**NOTE 10 - LONG-TERM DEBT** (Continued)

***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 Authority 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 of Santa Cruz. 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 \$5,432,681. Pursuant to the Joint Powers Authority Agreement, the County of Santa Cruz is responsible for 47.53% of the total liability, or \$2,582,153. Total principal and interest paid for the current year and total customer revenues were \$284,179 and \$6,218,237 respectively. The County of Santa Cruz paid \$135,070 of the current year principal and interest. The Bonds were refunded on May 15, 2012.

**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.

**NOTE 12 - LANDFILL CLOSURE AND POSTCLOSURE COSTS** (Continued)

As of June 30, 2015, a liability for closure and postclosure maintenance in the amount of \$5,842,849 is reflected in the County Disposal Sites CSA 9C Enterprise Fund based upon landfill capacity used to date. As of June 30, 2015, Ben Lomond Landfill was filled to 100% capacity, and the County estimates that the Buena Vista Landfill is filled to 60.63% 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 \$3,794,249 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. 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.

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, 2015, cash of \$5,851,802 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 Fund'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 nonmajor special revenue fund deficit net position at June 30, 2015, were as follows:

Nonmajor Special Revenue Funds:	
Santa Cruz Flood Control and Water Conservation Zone 7	1,095,923

The Santa Cruz Flood Control and Water Conservation Zone 7 had a deficit of \$1,095,923 due to State funding that was not received in the 2014-15 fiscal year and had not been accrued due to timing uncertainties.

**NOTE 13 - DEFICIT NET POSITION AND FUND BALANCES** (Continued)

Individual proprietary fund deficit net position at June 30, 2015, were as follows:

Internal Service Funds:	
Information Services	2,844,371
Public Works	27,071,101
Self-Insurance – Risk Management	604,351
Self-Insurance – Workers’ Compensation	21,947,995

The Information Services Fund had a net deficit of \$2,844,371 related to the accrual of the liability and costs associated with pension liability as prepared by an actuary in CalPERS GASB Statement No. 68 Accounting Valuation Report for the reporting period ending June 30, 2015.

The Public Works Internal Service Fund had a net deficit of \$27,071,101 related to the accrual of the liability and costs associated with pension liability as prepared by an actuary in CalPERS GASB Statement No. 68 Accounting Valuation Report for the reporting period ending June 30, 2015 and greater anticipated expenditures for projects.

The Risk Management Fund had had a deficit net position of \$604,351 related to the accrual of the liability and costs associated with pension liability as prepared by an actuary in CalPERS GASB Statement No. 68 Accounting Valuation Report for the reporting period ending June 30, 2015.

The Workers’ Compensation Fund had a deficit net position of \$21,947,995 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 - PENSION PLANS**

**A. General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the County’s separate Safety (police and fire), Safety Sheriff, and Miscellaneous (all other) Plans, through agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

CalPERS GASB Statement No. 68 Accounting Valuation Report differs from the amounts recognized by the County due to a Plan participant that is not part of the County. The amounts have been reduced based on payments within the Measurement Period of July 1, 2013 to June 30, 2014.

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the California Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to December 17, 2012	December 17, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Benefit Formula	2% at 55	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	52
Maximum Benefit Factor	2.418% @ 63	2.418% @ 63	2.5% @ 67
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	7.0%	7.0%	6.3%
Required Employer Contribution Rates	16.1%	16.1%	16.1%

**NOTE 14 - PENSION PLANS** (Continued)

**A. General Information about the Pension Plan,** (Continued)

Hire Date	Safety		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Benefit Formula	2% at 50	2% at 50	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	2.7% @ 55	2.7% @ 55	2.7% @ 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	10.0%
Required Employer Contribution Rates	20.3%	20.3%	20.3%

Hire Date	Safety Sheriff		
	Prior to June 9, 2012	June 9, 2012 to December 31, 2012 or reciprocal *	On or after January 1, 2013
Benefit Formula	3% at 50	3% at 55	2.7% at 57
Benefit Vesting Schedule	5 Years	5 Years	5 Years
Earliest Retirement Age	50	50	50
Maximum Benefit Factor	3% @ 55	3% @ 55	2.7% @ 57
Final Compensation	12 Months	36 Months	36 Months
Required Employee Contribution Rates	9.0%	9.0%	12.0%
Required Employer Contribution Rates	34.0%	34.0%	34.0%

\*Reciprocal: Any employee who starts working for the County of Santa Cruz within six months of separating from another public agency in California that is either in the CalPERS retirement system or another public retirement system that has reciprocity with CalPERS, so long as the employee began employment with that agency prior to January 1, 2013.

**Employees Covered** – At June 30, 2014, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety	Safety Sheriff
Inactive Employees or Beneficiaries Currently Receiving Benefits	2,239	233	63
Inactive Employees Entitled to but not yet Receiving Benefits	1,454	203	68
Active Employees	1,912	206	132
Total	5,605	642	263

**NOTE 14 - PENSION PLANS** (Continued)

**A. General Information about the Pension Plan,** (Continued)

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all three Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**B. Net Pension Liability**

The County’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety	Safety Sheriff
Valuation Date	June 30, 2013	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Actuarial Assumptions:			
Discount Rate	7.50	7.50	7.50
Inflation	2.75	2.75	2.75
Payroll Growth	3.00	3.00	3.00
Projected Salary Increase	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>	Varies <sup>(1)</sup>
Investment Rate of Return	7.50 <sup>(2)</sup>	7.50 <sup>(2)</sup>	7.50 <sup>(2)</sup>
Mortality	Derived using CalPERS’ Membership Data for all Funds <sup>(3)</sup>		
Post Retirement Benefit Increase	Contract Cost-of-Living-Adjustment up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter		

<sup>(1)</sup> Depending on age, service, and type of employment.

<sup>(2)</sup> Net of pension plan investment expenses, including inflation.

<sup>(3)</sup> The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**NOTE 14 - PENSION PLANS** (Continued)

**B. Net Pension Liability** (Continued)

**Discount Rate** (Continued)

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statements No. 67 and No. 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it has changed its methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.90%	2.43%
Inflation Sensitive	6.00%	4.50%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

<sup>(a)</sup> An expected inflation of 2.5% used for this period.

<sup>(b)</sup> An expected inflation of 3.0% used for this period.

**NOTE 14 - PENSION PLANS** (Continued)

**B. Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$ 923,059,175	\$ 649,596,447	\$ 273,462,728
Changes in the year:			
Service Cost	19,489,676	-	19,489,676
Interest on the Total Pension Liability	68,452,544	-	68,452,544
Differences between Actual and Expected Experience	-	-	-
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	18,466,079	(18,466,079)
Contribution - Employee (Paid by Employer)	-	-	-
Contribution - Employee	-	8,586,012	(8,586,012)
Net Investment Income	-	112,250,826	(112,250,826)
Administrative Expenses	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(40,206,837)	(40,206,837)	-
Net Changes	47,735,383	99,096,080	(51,360,697)
Balance at June 30, 2014	\$ 970,794,558	\$ 748,692,527	\$ 222,102,031
Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$ 143,500,263	\$ 101,565,197	\$ 41,935,066
Changes in the year:			
Service Cost	3,669,984	-	3,669,984
Interest on the Total Pension Liability	-	-	-
Differences between Actual and Expected Experience	10,663,258	-	10,663,258
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	2,833,995	(2,833,995)
Contribution - Employee (Paid by Employer)	-	-	-
Contribution - Employee	-	1,364,228	(1,364,228)
Net Investment Income	-	17,564,582	(17,564,582)
Administrative Expenses	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(6,316,966)	(6,316,966)	-
Net Changes	8,016,276	15,445,839	(7,429,563)
Balance at June 30, 2014	\$ 151,516,539	\$ 117,011,036	\$ 34,505,503



**NOTE 14 - PENSION PLANS** (Continued)

**B. Changes in the Net Pension Liability** (Continued)

Safety Sheriff Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	\$ 126,371,747	\$ 77,636,247	\$ 48,735,500
Changes in the year:			
Service Cost	3,589,667	-	3,589,667
Interest on the Total Pension Liability	9,442,627	-	9,442,627
Differences between Actual and Expected Experience	-	-	-
Changes in Assumptions	-	-	-
Changes in Benefit Terms	-	-	-
Contribution - Employer	-	3,752,346	(3,752,346)
Contribution - Employee (Paid by Employer)	-	-	-
Contribution - Employee	-	1,538,339	(1,538,339)
Net Investment Income	-	13,619,878	(13,619,878)
Administrative Expenses	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(4,529,774)	(4,529,774)	-
Net Changes	8,502,520	14,380,789	(5,878,269)
Balance at June 30, 2014	\$ 134,874,267	\$ 92,017,036	\$ 42,857,231

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

	Miscellaneous	Safety	Safety Sheriff
1% Decrease Net Pension Liability	\$ 343,236,408	\$ 54,832,311	\$ 61,977,234
Current Discount Rate Net Pension Liability	\$ 222,102,031	\$ 34,505,503	\$ 42,857,231
1% Increase Net Pension Liability	\$ 120,538,668	\$ 17,729,677	\$ 27,163,350

**Pension Plan Fiduciary Net Position** – The plan fiduciary net position disclosed in the County’s CalPERS GASB Statement No. 68 accounting valuation report may differ from the plan assets reported in the County’s CalPERS funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the County’s funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

**NOTE 14 - PENSION PLANS** (Continued)

**C. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the County recognized a pension expense of \$25,999,928. At June 30, 2015, the County deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 28,504,238	\$ -
Differences between Actual and Expected Experience	-	-
Changes in Assumptions	-	-
Net Differences between Projected and Actual Earnings on Plan Investments	<u>-</u>	<u>65,616,036</u>
Total	<u>\$ 28,504,238</u>	<u>\$ 65,616,036</u>

\$28,504,238 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Inflows</u>
2016	\$ (16,404,009)
2017	(16,404,009)
2018	(16,404,009)
2019	(16,404,009)
Thereafter	<u>-</u>
Total	<u>\$ (65,616,036)</u>

**D. Payable to the Pension Plans**

At June 30, 2015, there is no outstanding amount of contributions payable to the pension plans required for the year ending June 30, 2015.

**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 2015]. 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:

<u>Participants as of January 1, 2014*</u>	<u>Total</u>
Active employees	2,084
Retirees	1,241
Total	<u>3,325</u>

\* 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 2015, the County contributed \$4,917,343 to the Plan.

**Annual OPEB Cost and Net OPEB Obligation.** The County's Annual Other Post-Employment 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:

	<u>Total</u>
Annual required contribution	\$ 13,897,000
Interest on net OPEB obligation	4,011,392
Amortization of net OPEB obligation	<u>(5,344,000)</u>
Annual OPEB cost (expense)	12,564,392
Contributions made	<u>(4,917,343)</u>
Increase in net OPEB obligation	7,647,049
Net OPEB obligation - beginning of year	<u>102,743,480</u>
Net OPEB obligation - end of year	<u>\$ 110,390,529</u>

**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 2015 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
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
6/30/2015	12,564,392	4,917,343	39.1%	110,390,529

**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, 2015, was 25 years.

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

**OTHER POST-EMPLOYMENT 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 unfunded actuarial accrued liability 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
01/01/07	\$ -	\$ 216,766,000	\$ 216,766,000	0.0%	\$ 153,807,000	140.9%
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, 2015, the deferred compensation plan's assets of \$146,858,455 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. *Contracts***

As of June 30, 2015, 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 \$2,196,418 and \$5,920,262, 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.

**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, 2015, 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.

**NOTE 18 - RISK MANAGEMENT** (Continued)

The change in the balance of claims liabilities during the fiscal years ended June 30, 2015, and two prior years for all Self-Insurance Internal Service Funds combined is as follows:

	2015	2014	2013
Unpaid claims and claim adjustment expenses, beginning of the fiscal year	\$ 46,984,023	\$ 46,752,428	\$ 44,287,352
Incurred claims and claim adjustment expenses	10,618,009	10,611,609	15,843,711
Increase(decrease) in provision of insured events for prior years	(8,028,909)	-	-
Claim payments	(10,586,213)	(10,380,014)	(13,378,635)
Unpaid claims and claim adjustment expenses, end of the fiscal year	<u>\$ 38,986,910</u>	<u>\$ 46,984,023</u>	<u>\$ 46,752,428</u>

At June 30, 2015, the Self-Insurance Funds held a total of \$25,305,448 in cash for the payment of these claims.

**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, 2015, the estimated future liabilities were \$32,973,000. 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, 2015, the County had an estimated future liability of \$359,444 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, 2015, the County had estimated future liabilities totaling \$5,563,000 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, 2015, estimated future liabilities were \$91,466.

**NOTE 19 - 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, 2015, is as follows:

	<u>General Fund</u>	<u>Housing Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>					
Inventory, prepaids and imprest cash	\$ 812,951	\$ -	\$ -	\$ -	\$ 812,951
Advances and loans	322,484	58,640,680	-	-	58,963,164
Assets held for resale	-	2,543,420	-	-	2,543,420
Total nonspendable fund balance	<u>1,135,435</u>	<u>61,184,100</u>	<u>-</u>	<u>-</u>	<u>62,319,535</u>
<b>Restricted for:</b>					
Purpose of fund	-	18,675,118	-	20,688,049	39,363,167
Debt service	-	-	-	2,779,455	2,779,455
Capital asset acquisition	-	-	8,895,006	4,782,755	13,677,761
Total restricted fund balance	<u>-</u>	<u>18,675,118</u>	<u>8,895,006</u>	<u>28,250,259</u>	<u>55,820,383</u>
<b>Committed to:</b>					
Natural Disasters	1,251,089	-	-	-	1,251,089
Economic Uncertainty	14,290,001	-	-	-	14,290,001
Total committed fund balance	<u>15,541,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,541,090</u>
<b>Assigned to:</b>					
Federally qualified health program	14,229,750	-	-	-	14,229,750
Structural Deficit	5,288,367	-	-	-	5,288,367
Eliminate projected budgetary deficit in subsequent year's budget	12,569,417	-	-	-	12,569,417
Liabilities	1,052,278	-	-	-	1,052,278
Human services	460,000	-	-	-	460,000
Total assigned fund balance	<u>33,599,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,599,812</u>
<b>Unassigned Fund Balance</b>	<u>(71,456)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,456)</u>
Total fund balances	<u>\$ 50,204,881</u>	<u>\$ 79,859,218</u>	<u>\$ 8,895,006</u>	<u>\$ 28,250,259</u>	<u>\$ 167,209,364</u>

**NOTE 20 - SUBSEQUENT EVENTS**

On July 1, 2015, the County issued Tax and Revenue Anticipation Notes in the par amount of \$50,000,000 with a premium of \$845,000, at a stated rate of 2.00% with an effective yield of 0.30%. 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 June 30, 2016, 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 2015-2016 and which are lawfully available for the payment of current expenses and other obligations of the County (the Unrestricted Revenues).

On July 30, 2015, the County issued Lease Revenue Bonds Series A and B in the total amount of \$23,715,000. The 2015 Series A taxable bonds of \$13,770,000 bore interest rates ranging from 1.14% to 3.97%, maturing on June 1, 2025. The Series A bonds were issued to refinance an outstanding lease obligation of the County and to refund the County's outstanding 2004 Certificates of Participation. The 2015 Series B tax-exempt bonds of \$9,945,000 bore interest rates ranging from .54% to 3.93%, maturing on June 1, 2045. The Series B bonds were issued to finance a variety of capital improvements.

The elected County Auditor-Controller-Treasurer-Tax Collector Mary Jo Walker will retire on December 30, 2015. Ms. Walker was the Auditor-Controller from 2006 through 2014 and the Auditor-Controller-Treasurer-Tax Collector during 2015. The Board of Supervisors has appointed Edith Driscoll as the Auditor-Controller-Treasurer-Tax Collector upon Ms. Walker's retirement, and she will run for election in June 2016. Ms. Driscoll has been employed by the County since 1997 and has been the Chief Deputy Auditor-Controller since 2007.



**NOTE 21 - PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$333,119,348 was made to decrease the governmental activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of beginning net position of the governmental activities is summarized as follows:

Governmental activities	
Net position at July, 2014, as previously stated	\$ 462,497,879
Net pension liability adjustment	<u>(333,119,348)</u>
Net Position at July, 2014, as restated	<u><u>\$ 129,378,531</u></u>

A prior period adjustment of \$5,961,526 was made to decrease the business-type activities' beginning net position. The adjustment was made to reflect the prior period costs related to the implementation of the net pension liability.

The restatement of beginning net position of the business-type activities' is summarized as follows:

Business-type activities	
Net position at July, 2014, as previously stated	\$ 32,754,310
Net pension liability adjustment	<u>(5,961,526)</u>
Net Position at July, 2014, as restated	<u><u>\$ 26,792,784</u></u>



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**REQUIRED SUPPLEMENTAL  
INFORMATION (UNAUDITED)**

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## **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 of Santa Cruz (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 matters 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  
REQUIRED COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

**Budgetary Comparison Schedule, General Fund**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 40,714,882	40,714,882	\$ 40,714,882	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	95,911,563	95,986,563	99,687,028	3,700,465
Licenses and permits	10,323,805	10,323,805	11,050,811	727,006
Fines, forfeits and penalties	5,091,288	5,091,288	4,713,148	(378,140)
Use of money and property	1,842,507	1,846,257	2,005,411	159,154
Aid from other governments	216,445,741	229,990,671	232,578,980	2,588,309
Charges for services	54,953,991	55,575,775	50,326,472	(5,249,303)
Other	3,976,730	4,301,545	3,962,344	(339,201)
Inception of capital lease	43,909	103,399	92,808	(10,591)
Transfers in	29,092,624	29,475,919	3,987,479	(25,488,440)
<b>Amount Available for Appropriation</b>	<b>417,682,158</b>	<b>432,695,222</b>	<b>408,404,481</b>	<b>(24,290,741)</b>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
General Government:				
Board of Supervisors				
Salaries and employee benefits	2,445,060	2,445,060	2,404,157	40,903
Services and supplies	118,179	106,094	100,123	5,971
Other charges	3,230	3,230	3,229	1
<b>Total</b>	<b>2,566,469</b>	<b>2,554,384</b>	<b>2,507,509</b>	<b>46,875</b>
Administrative Office				
Salaries and employee benefits	2,953,224	2,919,029	2,359,410	559,619
Services and supplies	3,407,509	2,318,982	397,701	1,921,281
Other charges	3,857	9,001	7,713	1,288
Capital assets	-	16,524	16,523	1
Intrafund transfers	(640,404)	(640,404)	(637,580)	(2,824)
Appropriations for contingencies	-	1,091,343	-	1,091,343
<b>Total</b>	<b>5,724,186</b>	<b>5,714,475</b>	<b>2,143,767</b>	<b>3,570,708</b>
Auditor-Controller				
Salaries and employee benefits	3,449,821	3,455,436	2,921,555	533,881
Services and supplies	2,504,922	2,984,087	2,690,227	293,860
Other charges	870,631	870,631	864,004	6,627
Capital assets	2,217,900	2,217,900	1,185,287	1,032,613
Intrafund transfers	(1,434,338)	(1,434,338)	(1,505,108)	70,770
Appropriations for contingencies	-	686,747	-	686,747
<b>Total</b>	<b>7,608,936</b>	<b>8,780,463</b>	<b>6,155,965</b>	<b>2,624,498</b>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
General Government, Continued:				
Treasurer - Tax Collector				
Salaries and employee benefits	\$ 1,254,505	1,300,192	\$ 1,288,093	\$ 12,099
Services and supplies	551,738	589,901	511,108	78,793
Intrafund transfers	80,261	80,261	95,366	(15,105)
<b>Total</b>	<b>1,886,504</b>	<b>1,970,354</b>	<b>1,894,567</b>	<b>75,787</b>
Assessor				
Salaries and employee benefits	2,637,144	2,637,144	2,554,100	83,044
Services and supplies	672,452	462,663	454,745	7,918
Other charges	260,172	260,172	222,408	37,764
Intrafund transfers	(184,160)	(184,160)	(56,273)	(127,887)
<b>Total</b>	<b>3,385,608</b>	<b>3,175,819</b>	<b>3,174,980</b>	<b>839</b>
Purchasing				
Salaries and employee benefits	306,508	329,508	329,441	67
Services and supplies	166,293	189,162	186,505	2,657
Intrafund transfers	(65,552)	(65,552)	(49,482)	(16,070)
<b>Total</b>	<b>407,249</b>	<b>453,118</b>	<b>466,464</b>	<b>(13,346)</b>
County Counsel				
Salaries and employee benefits	2,946,744	2,977,563	2,959,381	18,182
Services and supplies	144,000	158,626	138,666	19,960
Intrafund transfers	(1,403,632)	(1,403,632)	(1,404,057)	425
<b>Total</b>	<b>1,687,112</b>	<b>1,732,557</b>	<b>1,693,990</b>	<b>38,567</b>
Personnel				
Salaries and employee benefits	2,986,775	2,986,775	2,969,916	16,859
Services and supplies	2,249,759	2,074,548	2,001,507	73,041
Intrafund transfers	(955,074)	(955,074)	(951,964)	(3,110)
<b>Total</b>	<b>4,281,460</b>	<b>4,106,249</b>	<b>4,019,459</b>	<b>86,790</b>
County Clerk/Elections				
Salaries and employee benefits	1,693,111	1,704,761	1,541,186	163,575
Services and supplies	1,436,040	1,453,001	953,218	499,783
Other charges	68,940	68,940	60,955	7,985
Capital assets	-	6,898	6,898	-
<b>Total</b>	<b>3,198,091</b>	<b>3,233,600</b>	<b>2,562,257</b>	<b>671,343</b>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
General Government, Continued:				
Communications				
Salaries and employee benefits	\$ 711,714	711,714	\$ 690,976	\$ 20,738
Services and supplies	1,775,253	1,891,177	1,650,167	241,010
Other charges	136,699	136,699	136,699	-
Capital assets	30,028	38,001	36,274	1,727
Intrafund transfers	(660,120)	(660,120)	(668,247)	8,127
Appropriations for contingencies	-	2,027	-	2,027
<b>Total</b>	<u>1,993,574</u>	<u>2,119,498</u>	<u>1,845,869</u>	<u>273,629</u>
General Services				
Salaries and employee benefits	4,239,003	4,295,003	4,277,061	17,942
Services and supplies	3,481,180	3,671,777	3,625,798	45,979
Other charges	497,027	497,028	497,028	-
Capital assets	-	20,324	20,052	272
Intrafund transfers	(4,658,911)	(4,658,911)	(4,467,544)	(191,367)
<b>Total</b>	<u>3,558,299</u>	<u>3,825,221</u>	<u>3,952,395</u>	<u>(127,174)</u>
Real Property Management				
Services and supplies	68,248	119,001	113,961	5,040
Capital assets	-	68,850	-	68,850
<b>Total</b>	<u>68,248</u>	<u>187,851</u>	<u>113,961</u>	<u>73,890</u>
Surveyor				
Services and supplies	433,967	433,967	360,985	72,982
Intrafund transfers	(1,250)	(1,250)	(925)	(325)
<b>Total</b>	<u>432,717</u>	<u>432,717</u>	<u>360,060</u>	<u>72,657</u>
DPW Engineering				
Services and supplies	148,680	148,680	84,446	64,234
<b>Total</b>	<u>148,680</u>	<u>148,680</u>	<u>84,446</u>	<u>64,234</u>
Central Stores				
Salaries and employee benefits	171,429	178,376	178,376	-
Services and supplies	52,231	51,388	47,331	4,057
Intrafund transfers	(220,884)	(220,884)	(202,167)	(18,717)
<b>Total</b>	<u>2,776</u>	<u>8,880</u>	<u>23,540</u>	<u>(14,660)</u>
<b>Total General Government</b>	<u>36,949,909</u>	<u>38,443,866</u>	<u>30,999,229</u>	<u>7,444,637</u>

(Continued)



**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Protection:				
Courts				
Services and supplies	\$ 240,285	240,285	\$ 216,417	\$ 23,868
Other charges	1,996,315	1,996,315	1,906,500	89,815
<b>Total</b>	<u>2,236,600</u>	<u>2,236,600</u>	<u>2,122,917</u>	<u>113,683</u>
Grand Jury				
Services and supplies	50,104	50,832	47,725	3,107
<b>Total</b>	<u>50,104</u>	<u>50,832</u>	<u>47,725</u>	<u>3,107</u>
Child Support				
Salaries and employee benefits	6,131,940	6,023,440	5,601,955	421,485
Services and supplies	688,951	797,451	696,629	100,822
Other charges	177,093	177,093	177,093	-
<b>Total</b>	<u>6,997,984</u>	<u>6,997,984</u>	<u>6,475,677</u>	<u>522,307</u>
District Attorney				
Salaries and employee benefits	12,434,215	12,434,215	12,193,385	240,830
Services and supplies	1,273,936	1,311,050	1,234,552	76,498
Other charges	162,037	246,377	245,741	636
Intrafund transfers	(101,000)	(101,000)	(77,180)	(23,820)
<b>Total</b>	<u>13,769,188</u>	<u>13,890,642</u>	<u>13,596,498</u>	<u>294,144</u>
Public Defender				
Services and supplies	9,352,392	9,346,718	9,296,970	49,748
<b>Total</b>	<u>9,352,392</u>	<u>9,346,718</u>	<u>9,296,970</u>	<u>49,748</u>
Sheriff-Coroner				
Salaries and employee benefits	23,986,537	25,159,192	25,159,190	2
Services and supplies	5,523,719	6,115,632	5,348,468	767,164
Other charges	73,616	107,547	74,314	33,233
Capital assets	571,760	829,899	686,428	143,471
<b>Total</b>	<u>30,155,632</u>	<u>32,212,270</u>	<u>31,268,400</u>	<u>943,870</u>
Jail and Rehabilitation Center				
Salaries and employee benefits	21,145,120	20,251,626	20,188,068	63,558
Services and supplies	7,675,090	7,992,950	7,489,929	503,021
Other charges	96,308	96,308	27,548	68,760
<b>Total</b>	<u>28,916,518</u>	<u>28,340,884</u>	<u>27,705,545</u>	<u>635,339</u>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Protection, Continued:				
Probation Department				
Salaries and employee benefits	\$ 13,297,670	13,556,064	\$ 13,178,928	\$ 377,136
Services and supplies	4,634,565	5,577,125	5,211,988	365,137
Other charges	62,023	62,358	56,315	6,043
Capital assets	72,413	72,413	66,560	5,853
<b>Total</b>	<u>18,066,671</u>	<u>19,267,960</u>	<u>18,513,791</u>	<u>754,169</u>
State Correctional Schools				
Services and supplies	5,740	34,345	34,342	3
Other charges	15,000	15,000	7,430	7,570
<b>Total</b>	<u>20,740</u>	<u>49,345</u>	<u>41,772</u>	<u>7,573</u>
Agricultural Commissioner/				
Weights and Measures				
Salaries and employee benefits	1,687,748	1,709,632	1,642,394	67,238
Services and supplies	341,639	346,189	301,085	45,104
Other charges	2,859	2,859	2,858	1
Intrafund transfers	(135,343)	(135,343)	(135,343)	-
<b>Total</b>	<u>1,896,903</u>	<u>1,923,337</u>	<u>1,810,994</u>	<u>112,343</u>
Public Works - Other Construction Inspection				
Services and supplies	75,000	75,000	27,891	47,109
<b>Total</b>	<u>75,000</u>	<u>75,000</u>	<u>27,891</u>	<u>47,109</u>
Recorder				
Salaries and employee benefits	810,189	829,817	819,181	10,636
Services and supplies	488,651	503,246	317,290	185,956
Other charges	136,348	137,589	136,968	621
Capital assets	-	3,980	3,979	1
<b>Total</b>	<u>1,435,188</u>	<u>1,474,632</u>	<u>1,277,418</u>	<u>197,214</u>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Protection, Continued:				
County Emergency Office				
Salaries and employee benefits	\$ 161,927	164,017	\$ 164,013	\$ 4
Services and supplies	333,695	373,466	364,793	8,673
Other charges	3,074	3,074	-	3,074
<b>Total</b>	<u>498,696</u>	<u>540,557</u>	<u>528,806</u>	<u>11,751</u>
Local Agency Formation Commission				
Other charges	111,167	111,167	111,166	1
<b>Total</b>	<u>111,167</u>	<u>111,167</u>	<u>111,166</u>	<u>1</u>
Planning Department				
Salaries and employee benefits	7,499,731	7,499,731	7,172,719	327,012
Services and supplies	5,570,371	5,626,687	4,466,844	1,159,843
Other charges	1,451,760	1,451,760	1,434,669	17,091
Capital assets	30,391	30,391	25,471	4,920
Intrafund transfers	(3,531,097)	(3,531,097)	(3,133,251)	(397,846)
<b>Total</b>	<u>11,021,156</u>	<u>11,077,472</u>	<u>9,966,452</u>	<u>1,111,020</u>
Animal Services				
Other charges	1,194,595	1,194,595	1,194,595	-
<b>Total</b>	<u>1,194,595</u>	<u>1,194,595</u>	<u>1,194,595</u>	<u>-</u>
Association of Monterey Bay Area Govts.				
Other charges	33,069	33,069	33,069	-
<b>Total</b>	<u>33,069</u>	<u>33,069</u>	<u>33,069</u>	<u>-</u>
<b>Total Public Protection</b>	<u>125,831,603</u>	<u>128,823,064</u>	<u>124,019,686</u>	<u>4,803,378</u>
Public Ways and Facilities:				
Public Ways - DPW				
Services and supplies	221,000	221,000	193,935	27,065
<b>Total</b>	<u>221,000</u>	<u>221,000</u>	<u>193,935</u>	<u>27,065</u>
<b>Total Public Ways and Facilities</b>	<u>221,000</u>	<u>221,000</u>	<u>193,935</u>	<u>27,065</u>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Health and Sanitation:				
Health Services Agency				
Salaries and employee benefits	\$ 62,325,843	62,392,974	\$ 54,755,810	\$ 7,637,164
Services and supplies	52,460,196	54,311,909	50,403,572	3,908,337
Other charges	18,923,641	19,196,262	16,908,448	2,287,814
Capital assets	100,000	131,420	123,873	7,547
Intrafund transfers	(11,791,418)	(12,484,498)	(11,933,806)	(550,692)
<b>Total</b>	<u>122,018,262</u>	<u>123,548,067</u>	<u>110,257,897</u>	<u>13,290,170</u>
Mosquito Abatement				
Salaries and employee benefits	934,824	934,824	878,416	56,408
Services and supplies	445,219	438,765	276,024	162,741
Other charges	5,000	5,000	5,000	-
Capital assets	24,325	30,779	29,032	1,747
<b>Total</b>	<u>1,409,368</u>	<u>1,409,368</u>	<u>1,188,472</u>	<u>220,896</u>
Air Pollution				
Other charges	36,060	36,060	36,060	-
<b>Total</b>	<u>36,060</u>	<u>36,060</u>	<u>36,060</u>	<u>-</u>
<b>Total Health and Sanitation</b>	<u>123,463,690</u>	<u>124,993,495</u>	<u>111,482,429</u>	<u>13,511,066</u>
Public Assistance:				
Human Services Department				
Salaries and employee benefits	50,664,964	51,250,342	49,808,591	1,441,751
Services and supplies	17,380,781	20,110,284	18,139,729	1,970,555
Other charges	12,161,999	12,322,480	11,399,981	922,499
Capital assets	40,000	659,229	612,210	47,019
Intrafund transfers	(241,228)	(241,228)	(153,455)	(87,773)
<b>Total</b>	<u>80,006,516</u>	<u>84,101,107</u>	<u>79,807,056</u>	<u>4,294,051</u>
Community Programs				
Other charges	3,725,078	3,725,078	3,725,078	-
<b>Total</b>	<u>3,725,078</u>	<u>3,725,078</u>	<u>3,725,078</u>	<u>-</u>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Public Assistance, Continued:				
Categorical Aids				
Services and supplies	\$ -	\$ 180,000	\$ 132,420	\$ 47,580
Other charges	32,294,761	32,562,971	32,325,107	237,864
<b>Total</b>	<u>32,294,761</u>	<u>32,742,971</u>	<u>32,457,527</u>	<u>285,444</u>
General Assistance				
Services and supplies	1,351	1,351	-	1,351
Other charges	448,505	423,505	403,943	19,562
<b>Total</b>	<u>449,856</u>	<u>424,856</u>	<u>403,943</u>	<u>20,913</u>
Burial of Indigents				
Services and supplies	42,000	42,000	22,111	19,889
<b>Total</b>	<u>42,000</u>	<u>42,000</u>	<u>22,111</u>	<u>19,889</u>
Family Relations				
Services and supplies	87,646	87,646	60,377	27,269
Other charges	144,810	163,023	157,775	5,248
<b>Total</b>	<u>232,456</u>	<u>250,669</u>	<u>218,152</u>	<u>32,517</u>
Wards of Court				
Services and supplies	20,000	11,465	-	11,465
Other charges	221,325	201,255	72,404	128,851
<b>Total</b>	<u>241,325</u>	<u>212,720</u>	<u>72,404</u>	<u>140,316</u>
Veterans Service Officer				
Salaries and employee benefits	360,069	360,069	355,918	4,151
Services and supplies	83,025	83,025	67,204	15,821
Other charges	1,500	1,500	1,067	433
<b>Total</b>	<u>444,594</u>	<u>444,594</u>	<u>424,189</u>	<u>20,405</u>
<b>Total Public Assistance</b>	<u>117,436,586</u>	<u>121,943,995</u>	<u>117,130,460</u>	<u>4,813,535</u>

(Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS), Continued</b>				
Education:				
Agricultural Extension Services				
Salaries and employee benefits	\$ 94,171	\$ 95,112	\$ 89,999	\$ 5,113
Services and supplies	26,891	27,062	23,541	3,521
<b>Total</b>	<u>121,062</u>	<u>122,174</u>	<u>113,540</u>	<u>8,634</u>
<b>Total Education</b>	<u>121,062</u>	<u>122,174</u>	<u>113,540</u>	<u>8,634</u>
Recreation and Culture:				
Recreation and Cultural Services				
Salaries and employee benefits	4,487,840	4,287,840	4,047,666	240,174
Services and supplies	1,667,194	1,897,894	1,751,499	146,395
Other charges	349,655	361,963	344,392	17,571
Intrafund transfers	(61,273)	(61,273)	(61,273)	-
<b>Total</b>	<u>6,443,416</u>	<u>6,486,424</u>	<u>6,082,284</u>	<u>404,140</u>
<b>Total Recreation and Culture</b>	<u>6,443,416</u>	<u>6,486,424</u>	<u>6,082,284</u>	<u>404,140</u>
Debt Service:				
Debt Service				
Services and supplies	145,250	145,250	110,533	34,717
Other charges	49,000	49,000	47,587	1,413
Intrafund transfers	(286,407)	(286,407)	4,093	(290,500)
<b>Total</b>	<u>(92,157)</u>	<u>(92,157)</u>	<u>162,213</u>	<u>(254,370)</u>
<b>Total Debt Service</b>	<u>(92,157)</u>	<u>(92,157)</u>	<u>162,213</u>	<u>(254,370)</u>
<b>Total Charges to Appropriations (Outflows)</b>	<u>410,375,109</u>	<u>420,941,861</u>	<u>390,183,776</u>	<u>30,758,085</u> (Continued)

**COUNTY OF SANTA CRUZ  
REQUIRED COMPARISON SCHEDULE (CONTINUED)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Transfers Out:				
General Services	\$ -	\$ 18,500	\$ 18,500	\$ -
Sheriff-Coroner	130,944	397,565	337,745	59,820
Jail and Rehabilitation Center	-	86,450	86,450	-
Mosquito Abatement	522,000	522,000	111,225	410,775
Health Services Agency	7,571,119	11,915,832	1,626,901	10,288,931
Human Services Department	-	285,232	269,607	15,625
Debt Service to Financing Authorities	6,392,500	6,533,115	6,280,278	252,837
<b>Total transfers out</b>	<u>14,616,563</u>	<u>19,758,694</u>	<u>8,730,706</u>	<u>11,027,988</u>
<b>Total Charges to Appropriations (Outflows)</b>	<u>424,991,672</u>	<u>440,700,555</u>	<u>398,914,482</u>	<u>41,786,073</u>
<b>Net change in fund balance</b>	<u>(7,309,514)</u>	<u>(8,005,333)</u>	<u>9,489,999</u>	<u>17,495,332</u>
<b>FUND BALANCE, ENDING</b>	<u><u>\$ 33,405,368</u></u>	<u><u>\$ 32,709,549</u></u>	<u><u>\$ 50,204,881</u></u>	<u><u>\$ 17,495,332</u></u> (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	\$ 408,404,481
Differences - budget to GAAP:	
Inception of capital leases are not revenues for financial reporting purposes	(92,808)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(3,987,479)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 404,324,194</u></u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 398,914,482
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(8,730,706)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 390,183,776</u></u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
HOUSING FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 78,936,623	\$ 78,936,623	\$ 78,936,623	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	121,702	121,951	1,304,811	1,182,860
Aid from other governments	1,772,394	3,772,394	1,026,772	(2,745,622)
Charges for services	394,432	394,432	193,744	(200,688)
Other	1,061,841	1,061,841	466,112	(595,729)
Transfers in	1,903,210	15,312,566	-	(15,312,566)
<b>Amounts available for appropriation</b>	<u>5,253,579</u>	<u>20,663,184</u>	<u>2,991,439</u>	<u>(17,671,745)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	3,672,321	5,594,068	1,196,592	4,397,476
Other charges	18,759,099	18,836,152	872,252	17,963,900
Capital assets	95,962	95,962	-	95,962
<b>Total charges to appropriations</b>	<u>22,527,382</u>	<u>24,526,182</u>	<u>2,068,844</u>	<u>22,457,338</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 61,662,820</u>	<u>\$ 75,073,625</u>	<u>\$ 79,859,218</u>	<u>\$ 4,785,593</u>



**COUNTY OF SANTA CRUZ  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS  
AS OF JUNE 30, 2015  
LAST 10 YEARS\***

	2013-14
<b>Total Pension Liability</b>	
Service Cost	\$ 26,749,327
Interest on Total Pension Liability	88,558,430
Differences between Expected and Actual Experience	-
Changes in Assumptions	-
Changes in Benefits	-
Benefit Payments, Including Refunds of Employee Contributions	(51,053,577)
Net Change in Total Pension Liability	64,254,180
Total Pension Liability - Beginning	1,192,931,185
Total Pension Liability - Ending (a)	\$ 1,257,185,365
 <b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 25,052,420
Contributions - Employee	11,488,578
Net Investment Income	143,435,286
Benefit Payments	(51,053,577)
Net Change in Plan Fiduciary Net Position	128,922,707
Plan Fiduciary Net Position - Beginning	828,797,891
Plan Fiduciary Net Position - Ending (b)	\$ 957,720,598
Net Pension Liability - Ending [(a) - (b)]	\$ 299,464,765
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.18%
Covered-Employee Payroll	\$ 156,860,637
Net Pension Liability as a Percentage of Covered-Employee Payroll	190.91%

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only one year is shown.

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013.

**Changes in assumptions.** There were no changes in assumptions.

**COUNTY OF SANTA CRUZ  
AN AGENT MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN  
SCHEDULE OF CONTRIBUTIONS  
AS OF JUNE 30, 2015  
LAST 10 YEARS\***

	2013-14
Actuarially Determined Contributions	\$ 25,052,420
Contributions in Relation to the Actuarially Determined Contributions	25,052,420
Contribution Deficiency (Excess)	\$ -
Covered-Employee Payroll	\$ 156,860,637
Contributions as a Percentage of Covered-Employee Payroll	15.97%

\* Fiscal year 2015 was the 1<sup>st</sup> year of implementation; therefore, only one year is shown.

**Notes to Schedule:**

Valuation date: June 30, 2011

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	Varies 27 to 32 years as of the Valuation Date depending on the Plan
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**COUNTY OF SANTA CRUZ  
OTHER POSTEMPLOYMENT OBLIGATIONS  
SCHEDULES OF FUNDING PROGRESS**

**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.



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# **SUPPLEMENTARY INFORMATION**

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# **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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# SUMMARY OF NONMAJOR GOVERNMENTAL FUND FINANCIAL STATEMENTS

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**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.



**COUNTY OF SANTA CRUZ  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	<u>Nonmajor Governmental Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 20,379,791
Restricted cash and investments	14,047,087
Receivables	4,316,284
Advances to other funds	493,593
<b>Total assets</b>	<u><u>\$ 39,236,755</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,878,072
Due to other funds	8,719,630
Advances from grantors and third parties	388,794
<b>Total liabilities</b>	<u>10,986,496</u>
<b>FUND BALANCES</b>	
Restricted	<u>28,250,259</u>
<b>Total fund balances</b>	<u>28,250,259</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 39,236,755</u></u>

**COUNTY OF SANTA CRUZ  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Nonmajor Governmental Funds</u>
<b>REVENUES:</b>	
Taxes	\$ 15,706,843
Licenses and permits	1,940
Fines, forfeits and penalties	7,302
Use of money and property	107,059
Aid from other governments	16,479,629
Charges for services	10,944,718
Other	5,500,442
<b>Total revenues</b>	<u>48,747,933</u>
<b>EXPENDITURES:</b>	
Current:	
General government	1,532,681
Public protection	13,872,993
Public ways and facilities	24,245,688
Health and sanitation	26,663
Education	5,211,368
Recreation and culture	1,073,520
Debt service:	
Principal	3,991,789
Interest and fiscal charges	3,077,138
<b>Total expenditures</b>	<u>53,031,840</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(4,283,907)</u>
<b>OTHER FINANCING SOURCES (USES):</b>	
Transfers in	6,280,278
Transfers out	(9,975,655)
<b>Total other financing sources (uses)</b>	<u>(3,695,377)</u>
<b>Net change in fund balances</b>	<u>(7,979,284)</u>
<b>FUND BALANCES:</b>	
Beginning of year	<u>36,229,543</u>
End of year	<u><u>\$ 28,250,259</u></u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 14,514,775	\$ 14,514,775	\$ 14,514,775	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	-	352	(37,294)	(37,646)
Aid from other governments	24,682,156	24,947,156	817,081	(24,130,075)
Charges for services	-	716,160	584,830	(131,330)
Other	251,900	251,900	276,784	24,884
Transfers in	2,419,595	3,138,212	2,044,500	(1,093,712)
<b>Amounts available for appropriation</b>	<u>27,353,651</u>	<u>29,053,780</u>	<u>3,685,901</u>	<u>(25,367,879)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	74,998	266,741	58,217	208,524
Capital assets	28,753,874	37,886,747	7,022,080	30,864,667
Other charges	-	4,405,863	2,225,373	2,180,490
<b>Total charges to appropriations</b>	<u>28,828,872</u>	<u>42,559,351</u>	<u>9,305,670</u>	<u>33,253,681</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 13,039,554</u>	<u>\$ 1,009,204</u>	<u>\$ 8,895,006</u>	<u>\$ 7,885,802</u>

**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	\$ 3,685,901
Differences - budget to GAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(2,044,500)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 1,641,401</u>



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# NONMAJOR

## SPECIAL REVENUE FUNDS

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### **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 Santa Cruz 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 component units 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 Culture Services, and Public Ways and Facilities Funds** – The Public Protection, Health and Sanitation, Recreation and Culture 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  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2015**

	Library	Fire	Off Highway, Road, and Transportation	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds
<b>ASSETS</b>						
Cash and investments	\$ 92,066	\$ 4,211,614	\$ 1,685,057	\$ -	\$ 14,677	\$ 1,773,792
Restricted cash and investments	-	-	-	14,047,087	-	-
Receivables	-	-	3,225,692	-	-	907,893
Advances to other funds	-	-	-	493,593	-	-
<b>Total assets</b>	<b>\$ 92,066</b>	<b>\$ 4,211,614</b>	<b>\$ 4,910,749</b>	<b>\$ 14,540,680</b>	<b>\$ 14,677</b>	<b>\$ 2,681,685</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 93,779	\$ 964,274	\$ -	\$ -	\$ 454,895
Due to other funds	-	-	-	6,978,470	-	736,961
Advances from grantors and third parties	-	-	388,794	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>93,779</b>	<b>1,353,068</b>	<b>6,978,470</b>	<b>-</b>	<b>1,191,856</b>
<b>FUND BALANCES</b>						
Restricted	92,066	4,117,835	3,557,681	7,562,210	14,677	1,489,829
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>92,066</b>	<b>4,117,835</b>	<b>3,557,681</b>	<b>7,562,210</b>	<b>14,677</b>	<b>1,489,829</b>
<b>Total liabilities and fund balances</b>	<b>\$ 92,066</b>	<b>\$ 4,211,614</b>	<b>\$ 4,910,749</b>	<b>\$ 14,540,680</b>	<b>\$ 14,677</b>	<b>\$ 2,681,685</b>



**COUNTY OF SANTA CRUZ  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2015**

Board of Supervisors Governed							
Health Services	Santa Cruz Flood Control and Water Conservation Zone 7	Public Protection	Health and Sanitation	Recreation and Culture Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	Total Nonmajor Special Revenue Funds
\$ 13,265	\$ (1,781)	\$ 2,357,427	\$ 2,914,040	\$ 2,298,475	\$ 4,833,736	\$ 187,423	\$ 20,379,791
-	-	-	-	-	-	-	14,047,087
-	128,651	20,668	-	-	33,380	-	4,316,284
-	-	-	-	-	-	-	493,593
<u>\$ 13,265</u>	<u>\$ 126,870</u>	<u>\$ 2,378,095</u>	<u>\$ 2,914,040</u>	<u>\$ 2,298,475</u>	<u>\$ 4,867,116</u>	<u>\$ 187,423</u>	<u>\$ 39,236,755</u>
\$ -	\$ 218,594	\$ 101,890	\$ -	\$ -	\$ 44,640	\$ -	\$ 1,878,072
-	1,004,199	-	-	-	-	-	8,719,630
-	-	-	-	-	-	-	388,794
-	<u>1,222,793</u>	<u>101,890</u>	<u>-</u>	<u>-</u>	<u>44,640</u>	<u>-</u>	<u>10,986,496</u>
13,265	(1,095,923)	2,276,205	2,914,040	2,298,475	4,822,476	187,423	28,250,259
-	-	-	-	-	-	-	-
<u>13,265</u>	<u>(1,095,923)</u>	<u>2,276,205</u>	<u>2,914,040</u>	<u>2,298,475</u>	<u>4,822,476</u>	<u>187,423</u>	<u>28,250,259</u>
<u>\$ 13,265</u>	<u>\$ 126,870</u>	<u>\$ 2,378,095</u>	<u>\$ 2,914,040</u>	<u>\$ 2,298,475</u>	<u>\$ 4,867,116</u>	<u>\$ 187,423</u>	<u>\$ 39,236,755</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Library	Fire	Off Highway, Road, and Transportation	Financing Authorities	Fish and Game	Park Dedication and State Park Bonds
<b>REVENUES:</b>						
Taxes	\$ 5,194,349	\$ 1,860,088	\$ 25	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Fines, forfeits and penalties	-	-	-	-	7,302	-
Use of money and property	-	20,073	20,991	2,483	104	8,190
Aid from other governments	73,799	327,688	12,781,950	93,173	-	1,052,351
Charges for services	-	1,262,094	1,347,354	-	-	163,278
Other	-	9,616	5,454,092	-	-	-
<b>Total revenues</b>	<b>5,268,148</b>	<b>3,479,559</b>	<b>19,604,412</b>	<b>95,656</b>	<b>7,406</b>	<b>1,223,819</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	44,096	-	1,488,585
Public protection	-	2,516,083	-	-	15,073	-
Public ways and facilities	-	-	19,692,901	-	-	-
Health and sanitation	-	-	-	-	-	-
Education	5,211,368	-	-	-	-	-
Recreation and culture	-	-	-	-	-	15,292
Debt service:						
Principal	-	-	-	3,991,789	-	-
Interest	-	-	-	3,077,138	-	-
<b>Total expenditures</b>	<b>5,211,368</b>	<b>2,516,083</b>	<b>19,692,901</b>	<b>7,113,023</b>	<b>15,073</b>	<b>1,503,877</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>56,780</b>	<b>963,476</b>	<b>(88,489)</b>	<b>(7,017,367)</b>	<b>(7,667)</b>	<b>(280,058)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	6,280,278	-	-
Transfers out	(5,677)	-	-	(7,735,123)	-	-
<b>Total other financing sources (uses)</b>	<b>(5,677)</b>	<b>-</b>	<b>-</b>	<b>(1,454,845)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>51,103</b>	<b>963,476</b>	<b>(88,489)</b>	<b>(8,472,212)</b>	<b>(7,667)</b>	<b>(280,058)</b>
Fund balances - beginning	40,963	3,154,359	3,646,170	16,034,422	22,344	1,769,887
Fund balances (deficit) - ending	<b>\$ 92,066</b>	<b>\$ 4,117,835</b>	<b>\$ 3,557,681</b>	<b>\$ 7,562,210</b>	<b>\$ 14,677</b>	<b>\$ 1,489,829</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Board of Supervisors Governed							
	Santa Cruz						Total
Health Services	Flood Control and Water Conservation Zone 7	Public Protection	Health and Sanitation	Recreation and Culture Services	Public Ways and Facilities	Geologic Hazard Abatement Districts	Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 6,503,551	\$ -	\$ 1,427,824	\$ 721,006	\$ -	\$ 15,706,843
-	-	1,940	-	-	-	-	1,940
-	-	-	-	-	-	-	7,302
92	(4,248)	14,250	13,577	11,988	18,698	861	107,059
-	1,460,061	574,428	-	4,856	111,323	-	16,479,629
-	1,727,889	937,154	1,341,002	2	4,165,945	-	10,944,718
-	6	4,884	-	-	31,844	-	5,500,442
<u>92</u>	<u>3,183,708</u>	<u>8,036,207</u>	<u>1,354,579</u>	<u>1,444,670</u>	<u>5,048,816</u>	<u>861</u>	<u>48,747,933</u>
-	-	-	-	-	-	-	1,532,681
-	4,279,653	7,062,184	-	-	-	-	13,872,993
-	-	-	-	-	4,552,787	-	24,245,688
-	-	-	26,663	-	-	-	26,663
-	-	-	-	-	-	-	5,211,368
-	-	-	-	1,058,228	-	-	1,073,520
-	-	-	-	-	-	-	3,991,789
-	-	-	-	-	-	-	3,077,138
<u>-</u>	<u>4,279,653</u>	<u>7,062,184</u>	<u>26,663</u>	<u>1,058,228</u>	<u>4,552,787</u>	<u>-</u>	<u>53,031,840</u>
<u>92</u>	<u>(1,095,945)</u>	<u>974,023</u>	<u>1,327,916</u>	<u>386,442</u>	<u>496,029</u>	<u>861</u>	<u>(4,283,907)</u>
-	-	-	-	-	-	-	6,280,278
-	-	(800,000)	(1,296,701)	(138,154)	-	-	(9,975,655)
-	-	(800,000)	(1,296,701)	(138,154)	-	-	(3,695,377)
<u>92</u>	<u>(1,095,945)</u>	<u>174,023</u>	<u>31,215</u>	<u>248,288</u>	<u>496,029</u>	<u>861</u>	<u>(7,979,284)</u>
13,173	22	2,102,182	2,882,825	2,050,187	4,326,447	186,562	36,229,543
<u>\$ 13,265</u>	<u>\$ (1,095,923)</u>	<u>\$ 2,276,205</u>	<u>\$ 2,914,040</u>	<u>\$ 2,298,475</u>	<u>\$ 4,822,476</u>	<u>\$ 187,423</u>	<u>\$ 28,250,259</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 40,963	\$ 40,963	\$ 40,963	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	4,854,014	5,157,348	5,194,349	37,001
Aid from other governments	61,232	61,232	73,799	12,567
<b>Amounts available for appropriation</b>	<u>4,915,246</u>	<u>5,218,580</u>	<u>5,268,148</u>	<u>49,568</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	4,849,686	5,193,959	5,151,463	42,496
Other charges	59,905	59,905	59,905	-
Transfers out	5,655	5,680	5,677	3
<b>Total charges to appropriations</b>	<u>4,915,246</u>	<u>5,259,544</u>	<u>5,217,045</u>	<u>42,499</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 40,963</u>	<u>\$ (1)</u>	<u>\$ 92,066</u>	<u>\$ 92,067</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 5,217,045
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(5,677)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 5,211,368</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
FIRE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 3,154,359	\$ 3,154,359	\$ 3,154,359	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	1,739,924	1,739,924	1,860,088	120,164
Use of money and property	9,283	9,283	20,073	10,790
Aid from other governments	335,349	395,540	327,688	(67,852)
Charges for services	1,200,296	1,262,796	1,262,094	(702)
Other	-	-	9,616	9,616
<b>Amounts available for appropriation</b>	<u>3,284,852</u>	<u>3,407,543</u>	<u>3,479,559</u>	<u>72,016</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Salaries and employee benefits	181,646	181,646	97,282	84,364
Services and supplies	3,451,870	3,612,915	2,071,468	1,541,447
Other charges	279,359	279,359	259,233	20,126
Capital assets	1,126,503	1,171,603	88,100	1,083,503
Appropriations for contingencies	200,000	116,546	-	116,546
<b>Total charges to appropriations</b>	<u>5,239,378</u>	<u>5,362,069</u>	<u>2,516,083</u>	<u>2,845,986</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,199,833</u>	<u>\$ 1,199,833</u>	<u>\$ 4,117,835</u>	<u>\$ 2,918,002</u>

**COUNTY OF SANTA CRUZ  
 BUDGETARY COMPARISON SCHEDULE  
 OFF HIGHWAY, ROAD, AND TRANSPORTATION SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 3,646,170	\$ 3,646,170	\$ 3,646,170	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	-	-	25	25
Use of money and property	6,500	6,500	20,991	14,491
Aid from other governments	26,938,079	29,311,829	12,781,950	(16,529,879)
Charges for services	3,258,744	3,258,744	1,347,354	(1,911,390)
Other	5,381,894	5,623,894	5,454,092	(169,802)
<b>Amounts available for appropriation</b>	<u>35,585,217</u>	<u>38,200,967</u>	<u>19,604,412</u>	<u>(18,596,555)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	39,199,057	41,813,557	19,692,901	22,120,656
Appropriations for contingencies	-	1,250	-	1,250
<b>Total charges to appropriations</b>	<u>39,199,057</u>	<u>41,814,807</u>	<u>19,692,901</u>	<u>22,121,906</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 32,330</u>	<u>\$ 32,330</u>	<u>\$ 3,557,681</u>	<u>\$ 3,525,351</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
FISH AND GAME SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 22,344	\$ 22,344	\$ 22,344	\$ -
<b>RESOURCES (INFLOWS)</b>				
Fines, forfeits and penalties	6,000	6,073	7,302	1,229
Use of money and property	60	60	104	44
<b>Amounts available for appropriation</b>	<u>6,060</u>	<u>6,133</u>	<u>7,406</u>	<u>1,273</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Other charges	15,000	15,073	15,073	-
<b>Total charges to appropriations</b>	<u>15,000</u>	<u>15,073</u>	<u>15,073</u>	<u>-</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 13,404</u>	<u>\$ 13,404</u>	<u>\$ 14,677</u>	<u>\$ 1,273</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
PARK DEDICATION AND STATE PARK BONDS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 1,769,887	\$ 1,769,887	\$ 1,769,887	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	5,473	5,473	8,190	2,717
Aid from other governments	1,623,107	2,250,477	1,052,351	(1,198,126)
Charges for services	107,106	107,106	163,278	56,172
Other	10,000	171,970	-	(171,970)
Transfers in	30,508	30,508	-	(30,508)
<b>Amounts available for appropriation</b>	<u>1,776,194</u>	<u>2,565,534</u>	<u>1,223,819</u>	<u>(1,341,715)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	5,088	8,088	5,087	3,001
Other charges	83,162	92,962	2,075	90,887
Capital assets	3,362,377	4,141,917	1,496,715	2,645,202
Transfers out	17,408	17,408	-	17,408
<b>Total charges to appropriations</b>	<u>3,468,035</u>	<u>4,260,375</u>	<u>1,503,877</u>	<u>2,756,498</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 78,046</u>	<u>\$ 75,046</u>	<u>\$ 1,489,829</u>	<u>\$ 1,414,783</u>



**COUNTY OF SANTA CRUZ  
 BUDGETARY COMPARISON SCHEDULE  
 HEALTH SERVICES SPECIAL REVENUE FUND  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 13,173	\$ 13,173	\$ 13,173	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	-	-	92	92
<b>Amounts available for appropriation</b>	-	-	92	92
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>	-	-	-	-
<b>FUND BALANCE, ENDING</b>	<u>\$ 13,173</u>	<u>\$ 13,173</u>	<u>\$ 13,265</u>	<u>\$ 92</u>

**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, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 22	\$ 22	\$ 22	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	-	-	(4,248)	(4,248)
Aid from other governments	6,791,395	6,791,395	1,460,061	(5,331,334)
Charges for services	1,824,651	1,824,651	1,727,889	(96,762)
Other	-	-	6	6
<b>Amounts available for appropriation</b>	<u>8,616,046</u>	<u>8,616,046</u>	<u>3,183,708</u>	<u>(5,432,338)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	1,105,600	1,105,600	835,383	270,217
Capital assets	7,431,003	7,431,003	3,444,270	3,986,733
Appropriations for contingencies	79,464	79,464	-	79,464
<b>Total charges to appropriations</b>	<u>8,616,067</u>	<u>8,616,067</u>	<u>4,279,653</u>	<u>4,336,414</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (1,095,923)</u>	<u>\$ (1,095,924)</u>

**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, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 2,102,182	\$ 2,102,182	\$ 2,102,182	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	6,101,801	6,242,656	6,503,551	260,895
Licenses, and permits	-	-	1,940	1,940
Use of money and property	7,119	7,119	14,250	7,131
Aid from other governments	1,389,682	1,392,756	574,428	(818,328)
Charges for services	985,554	985,554	937,154	(48,400)
Other	-	-	4,884	4,884
Transfers in	-	30,000	-	(30,000)
<b>Amounts available for appropriation</b>	<u>8,484,156</u>	<u>8,658,085</u>	<u>8,036,207</u>	<u>(621,878)</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Salaries and employee benefits	55,120	55,120	38,526	16,594
Services and supplies	6,515,800	6,725,431	5,462,915	1,262,516
Other charges	1,375,065	1,375,065	1,055,687	319,378
Capital assets	1,134,359	1,164,359	505,056	659,303
Transfers out	800,000	800,000	800,000	-
Appropriations for contingencies	100,000	34,298	-	34,298
<b>Total charges to appropriations</b>	<u>9,980,344</u>	<u>10,154,273</u>	<u>7,862,184</u>	<u>2,292,089</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 605,994</u>	<u>\$ 605,994</u>	<u>\$ 2,276,205</u>	<u>\$ 1,670,211</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 7,862,184
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(800,000)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 7,062,184</u>

**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, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 2,882,825	\$ 2,882,825	\$ 2,882,825	\$ -
<b>RESOURCES (INFLOWS)</b>				
Use of money and property	25,260	25,260	13,577	(11,683)
Charges for services	1,310,377	1,310,377	1,341,002	30,625
<b>Amounts available for appropriation</b>	<u>1,335,637</u>	<u>1,335,637</u>	<u>1,354,579</u>	<u>18,942</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	2,898	2,898	501	2,397
Other charges	26,162	26,162	26,162	-
Transfers out	1,931,368	1,931,368	1,296,701	634,667
<b>Total charges to appropriations</b>	<u>1,960,428</u>	<u>1,960,428</u>	<u>1,323,364</u>	<u>637,064</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 2,258,034</u>	<u>\$ 2,258,034</u>	<u>\$ 2,914,040</u>	<u>\$ 656,006</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule	\$ 1,323,364
Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(1,296,701)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	<u>\$ 26,663</u>

**COUNTY OF SANTA CRUZ  
BUDGETARY COMPARISON SCHEDULE  
DISTRICTS GOVERNED BY THE BOARD OF SUPERVISORS - RECREATION AND CULTURE  
SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 2,050,187	\$ 2,050,187	\$ 2,050,187	\$ -
<b>RESOURCES(INFLOWS)</b>				
Taxes	1,274,701	1,274,701	1,427,824	153,123
Use of money and property	6,200	6,200	11,988	5,788
Aid from other governments	2,680	2,680	4,856	2,176
Charges for services	-	-	2	2
<b>Amounts available for appropriation</b>	<u>1,283,581</u>	<u>1,283,581</u>	<u>1,444,670</u>	<u>161,089</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	1,366,227	1,365,702	1,049,670	316,032
Other charges	8,558	8,558	8,558	-
Capital contributions	35,000	35,000	-	35,000
Transfers out	137,634	138,159	138,154	5
<b>Total charges to appropriations</b>	<u>1,547,419</u>	<u>1,547,419</u>	<u>1,196,382</u>	<u>351,037</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 1,786,349</u>	<u>\$ 1,786,349</u>	<u>\$ 2,298,475</u>	<u>\$ 512,126</u>

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

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "charges to appropriations" from the budgetary comparison schedule \$ 1,196,382

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (138,154)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds \$ 1,058,228

**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, 2015**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>FUND BALANCE, BEGINNING</b>	\$ 4,326,447	\$ 4,326,447	\$ 4,326,447	\$ -
<b>RESOURCES (INFLOWS)</b>				
Taxes	625,648	625,648	721,006	95,358
Use of money and property	13,971	13,971	18,698	4,727
Aid from other governments	89,469	161,469	111,323	(50,146)
Charges for services	4,154,040	4,154,040	4,165,945	11,905
Other	-	-	31,844	31,844
<b>Amounts available for appropriation</b>	<u>4,883,128</u>	<u>4,955,128</u>	<u>5,048,816</u>	<u>93,688</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS)</b>				
Services and supplies	8,242,025	8,314,025	4,534,781	3,779,244
Other charges	9,713	9,713	9,657	56
Capital assets	249,086	249,086	8,349	240,737
<b>Total charges to appropriations</b>	<u>8,500,824</u>	<u>8,572,824</u>	<u>4,552,787</u>	<u>4,020,037</u>
<b>FUND BALANCE, ENDING</b>	<u>\$ 708,751</u>	<u>\$ 708,751</u>	<u>\$ 4,822,476</u>	<u>\$ 4,113,725</u>

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# NONMAJOR ENTERPRISE FUNDS

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***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 source 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  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2015**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 879,356	\$ 35,814	\$ 435,117	\$ 196,065	\$ 54,013
Restricted cash	-	-	-	-	-
Receivables	-	-	-	-	-
<b>Total current assets</b>	<b>879,356</b>	<b>35,814</b>	<b>435,117</b>	<b>196,065</b>	<b>54,013</b>
Noncurrent assets:					
Loans receivable	-	-	-	-	-
Capital assets:					
Construction in progress	-	-	11,826	-	-
Buildings and structures	1,903,676	375,398	188,209	917,969	-
Equipment	83,080	-	-	-	13,569
Accumulated depreciation	(1,498,599)	(236,033)	(108,742)	(335,514)	(13,569)
Capital assets, net	488,157	139,365	91,293	582,455	-
<b>Total noncurrent assets</b>	<b>488,157</b>	<b>139,365</b>	<b>91,293</b>	<b>582,455</b>	<b>-</b>
<b>Total assets</b>	<b>1,367,513</b>	<b>175,179</b>	<b>526,410</b>	<b>778,520</b>	<b>54,013</b>
<b>LIABILITIES</b>					
Current liabilities:					
Payables	80	-	-	-	34
Due to other funds	-	-	-	-	-
Current portion of long-term liabilities	-	-	-	-	-
<b>Total current liabilities</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>
Noncurrent liabilities:					
Long-term liabilities	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>80</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>
<b>NET POSITION</b>					
Net investment in capital assets	488,156	139,365	91,293	582,455	-
Restricted for:					
Debt service	-	-	-	-	-
Unrestricted	879,277	35,814	435,117	196,065	53,979
<b>Total net position</b>	<b>\$ 1,367,433</b>	<b>\$ 175,179</b>	<b>\$ 526,410</b>	<b>\$ 778,520</b>	<b>\$ 53,979</b>



**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2015**

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ 2,495	\$ 674,641	\$ 1,260,971	\$ 1,833,738	\$ 99,095	\$ 5,471,305
-	-	-	-	16,509	16,509
-	-	1,310	-	-	1,310
<u>2,495</u>	<u>674,641</u>	<u>1,262,281</u>	<u>1,833,738</u>	<u>115,604</u>	<u>5,489,124</u>
-	-	88,817	-	-	88,817
-	-	-	218,363	-	230,189
-	-	-	8,750,998	6,606,034	18,742,284
-	-	72,612	-	17,345	186,606
-	-	(52,291)	(4,137,129)	(2,219,794)	(8,601,671)
-	-	20,321	4,832,232	4,403,585	10,557,408
-	-	109,138	4,832,232	4,403,585	10,646,225
<u>2,495</u>	<u>674,641</u>	<u>1,371,419</u>	<u>6,665,970</u>	<u>4,519,189</u>	<u>16,135,349</u>
-	-	260,000	40,966	24,677	325,757
-	-	-	-	28,123	28,123
-	-	12,544	-	29,919	42,463
-	-	272,544	40,966	82,719	396,343
-	-	196,062	-	210,439	406,501
-	-	196,062	-	210,439	406,501
-	-	468,606	40,966	293,158	802,844
-	-	20,321	4,832,231	4,163,227	10,317,048
-	-	-	-	43,427	43,427
<u>2,495</u>	<u>674,641</u>	<u>882,492</u>	<u>1,792,773</u>	<u>19,377</u>	<u>4,972,030</u>
<u>\$ 2,495</u>	<u>\$ 674,641</u>	<u>\$ 902,813</u>	<u>\$ 6,625,004</u>	<u>\$ 4,226,031</u>	<u>\$ 15,332,505</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 449,290	\$ 25,234	\$ 84,016	\$ 255,488	\$ 44,620
<b>Total operating revenues</b>	<b>449,290</b>	<b>25,234</b>	<b>84,016</b>	<b>255,488</b>	<b>44,620</b>
<b>OPERATING EXPENSES:</b>					
Services and supplies	270,700	3,129	44,439	240,547	50,893
Depreciation and amortization	62,509	9,319	5,542	34,918	678
<b>Total operating expenses</b>	<b>333,209</b>	<b>12,448</b>	<b>49,981</b>	<b>275,465</b>	<b>51,571</b>
<b>Operating income (loss)</b>	<b>116,081</b>	<b>12,786</b>	<b>34,035</b>	<b>(19,977)</b>	<b>(6,951)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Intergovernmental	-	-	-	-	-
Interest and investment income	3,429	114	1,940	754	257
Interest expense	-	-	-	-	-
Property taxes	-	-	-	-	-
<b>Total nonoperating revenues (expenses)</b>	<b>3,429</b>	<b>114</b>	<b>1,940</b>	<b>754</b>	<b>257</b>
<b>Change in net position</b>	<b>119,510</b>	<b>12,900</b>	<b>35,975</b>	<b>(19,223)</b>	<b>(6,694)</b>
Beginning of the year	1,247,923	162,279	490,435	797,743	60,673
End of the year	<b>\$ 1,367,433</b>	<b>\$ 175,179</b>	<b>\$ 526,410</b>	<b>\$ 778,520</b>	<b>\$ 53,979</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ -	\$ 74,949	\$ 1,011,434	\$ 795,227	\$ 503,507	\$ 3,243,765
-	74,949	1,011,434	795,227	503,507	3,243,765
136	35,070	1,055,694	759,792	492,564	2,952,964
-	-	2,709	207,938	165,390	489,003
136	35,070	1,058,403	967,730	657,954	3,441,967
(136)	39,879	(46,969)	(172,503)	(154,447)	(198,202)
-	-	-	-	117,753	117,753
12	2,997	614	8,484	(150)	18,451
-	-	-	-	(8,338)	(8,338)
-	-	-	-	27,156	27,156
12	2,997	614	8,484	136,421	155,022
(124)	42,876	(46,355)	(164,019)	(18,026)	(43,180)
2,619	631,765	949,168	6,789,023	4,244,057	15,375,685
<u>\$ 2,495</u>	<u>\$ 674,641</u>	<u>\$ 902,813</u>	<u>\$ 6,625,004</u>	<u>\$ 4,226,031</u>	<u>\$ 15,332,505</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 468,513	\$ 25,234	\$ 84,016	\$ 436,820	\$ 44,620
Payments to suppliers for goods and services	(147,519)	(2,354)	(15,970)	(274,495)	(39,099)
Payments to other funds for services provided	(142,325)	(775)	(28,469)	(147,452)	(11,760)
Other payments	-	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>178,669</b>	<b>22,105</b>	<b>39,577</b>	<b>14,873</b>	<b>(6,239)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Operating grants	-	-	-	-	-
Principal paid on other long-term debt	-	-	-	-	-
Interest paid on other long-term debt	-	-	-	-	-
Property taxes	-	-	-	-	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition and construction of capital assets	-	-	(11,826)	-	-
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>(11,826)</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on investments	3,429	114	1,940	754	257
<b>Net cash provided (used) by investing activities</b>	<b>3,429</b>	<b>114</b>	<b>1,940</b>	<b>754</b>	<b>257</b>
<b>Net increase (decrease) in cash cash and cash equivalents</b>	<b>182,098</b>	<b>22,219</b>	<b>29,691</b>	<b>15,627</b>	<b>(5,982)</b>
Cash and cash equivalents at beginning of year	697,258	13,595	405,426	180,438	59,995
Cash and cash equivalents at end of year	<b>\$ 879,356</b>	<b>\$ 35,814</b>	<b>\$ 435,117</b>	<b>\$ 196,065</b>	<b>\$ 54,013</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ -	\$ 74,949	\$ 1,049,185	\$ 795,948	\$ 492,763	\$ 3,472,048
(125)	-	(921,688)	(633,865)	(251,214)	(2,286,329)
(11)	(35,070)	-	(180,469)	(218,744)	(765,075)
-	-	-	-	(63,755)	(63,755)
<u>(136)</u>	<u>39,879</u>	<u>127,497</u>	<u>(18,386)</u>	<u>(40,950)</u>	<u>356,889</u>
-	-	-	-	129,234	129,234
-	-	(12,226)	-	-	(12,226)
-	-	(5,742)	-	-	(5,742)
-	-	-	-	25,900	25,900
<u>-</u>	<u>-</u>	<u>(17,968)</u>	<u>-</u>	<u>155,134</u>	<u>137,166</u>
-	-	-	(142,992)	-	(154,818)
-	-	-	-	(23,116)	(23,116)
-	-	-	-	(5,560)	(5,560)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,992)</u>	<u>(28,676)</u>	<u>(183,494)</u>
12	2,997	6,356	8,484	(150)	24,193
<u>12</u>	<u>2,997</u>	<u>6,356</u>	<u>8,484</u>	<u>(150)</u>	<u>24,193</u>
(124)	42,876	115,885	(152,894)	85,358	334,754
2,619	631,765	1,145,086	1,986,632	30,246	5,153,060
<u>\$ 2,495</u>	<u>\$ 674,641</u>	<u>\$ 1,260,971</u>	<u>\$ 1,833,738</u>	<u>\$ 115,604</u>	<u>\$ 5,487,814</u>

(Continued)

**COUNTY OF SANTA CRUZ  
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	Boulder Creek CSA 7	Rolling Woods CSA 10	Place de Mer CSA 2	Sand Dollar Beach CSA 5	Trestle Beach CSA 20
<b>RECONCILIATION OF OPERATING</b>					
<b>INCOME (LOSS) TO NET CASH PROVIDED</b>					
<b>(USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 116,081	\$ 12,786	\$ 34,035	\$ (19,977)	\$ (6,951)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	62,508	9,319	5,542	34,918	678
Changes in assets and liabilities:					
(Increase) decrease in:					
Receivables	-	-	-	-	-
Increase (decrease) in:					
Payables	80	-	-	(68)	34
Due to other funds	-	-	-	-	-
Total adjustments	62,588	9,319	5,542	34,850	712
<b>Net cash provided (used) by operating activities</b>	<b>\$ 178,669</b>	<b>\$ 22,105</b>	<b>\$ 39,577</b>	<b>\$ 14,873</b>	<b>\$ (6,239)</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Summit West CSA 54	Graham Hill CSA 57	Septic Tank Maintenance CSA 12	Freedom County Sanitation District	Davenport Sanitation District	Total
\$ (136)	\$ 39,879	\$ (46,969)	\$ (172,503)	\$ (154,447)	\$ (198,202)
-	-	2,709	207,938	165,390	489,002
-	-	27,139	-	-	27,139
-	-	134,006	(53,821)	11,862	92,093
-	-	10,612	-	(63,755)	(53,143)
-	-	174,466	154,117	113,497	555,091
<u>\$ (136)</u>	<u>\$ 39,879</u>	<u>\$ 127,497</u>	<u>\$ (18,386)</u>	<u>\$ (40,950)</u>	<u>\$ 356,889</u>

(Continued)





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# INTERNAL SERVICE FUNDS

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**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, 2015**

	Central Duplicating	Information Services	Public Works	Service Center
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 189,377	\$ 2,949,433	\$ 467,658	\$ 1,692,553
Receivables	-	-	836,043	56
Due from other funds	-	-	1,032,322	-
Deposits with others	-	-	-	-
Inventory	-	-	488,690	16,262
Prepaid items	75,056	-	-	-
<b>Total current assets</b>	<b>264,433</b>	<b>2,949,433</b>	<b>2,824,713</b>	<b>1,708,871</b>
Capital assets:				
Land	-	-	62,914	34,173
Construction in progress	-	3,438,473	78,846	-
Buildings and structures	-	-	2,834,078	473,443
Equipment	476,390	11,525,109	8,308,524	8,919,114
Accumulated depreciation	(381,880)	(8,449,651)	(10,046,648)	(7,196,553)
<b>Capital assets, net</b>	<b>94,510</b>	<b>6,513,931</b>	<b>1,237,714</b>	<b>2,230,177</b>
<b>Total assets</b>	<b>358,943</b>	<b>9,463,364</b>	<b>4,062,427</b>	<b>3,939,048</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pension	17,562	706,652	2,286,475	57,239
<b>Total deferred outflows of resources</b>	<b>17,562</b>	<b>706,652</b>	<b>2,286,475</b>	<b>57,239</b>
<b>LIABILITIES</b>				
Current liabilities:				
Payables	11,435	213,688	1,047,821	32,093
Claims and judgments	-	-	-	-
Capital leases	-	405,100	5,143	-
Compensated absences, due within one year	20,058	618,229	2,337,464	47,039
<b>Total current liabilities</b>	<b>31,493</b>	<b>1,237,017</b>	<b>3,390,428</b>	<b>79,132</b>
Noncurrent liabilities:				
Claims liability	-	-	-	-
Capital leases	-	2,382,982	6,375	-
Compensated absences, due in more than one year	-	343,632	738,147	14,977
Net pension liability	184,507	7,424,062	24,021,645	601,353
<b>Total noncurrent liabilities</b>	<b>184,507</b>	<b>10,150,676</b>	<b>24,766,167</b>	<b>616,330</b>
<b>Total liabilities</b>	<b>216,000</b>	<b>11,387,693</b>	<b>28,156,595</b>	<b>695,462</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pension	40,428	1,626,694	5,263,408	131,763
<b>Total deferred inflows of resources</b>	<b>40,428</b>	<b>1,626,694</b>	<b>5,263,408</b>	<b>131,763</b>
<b>NET POSITION</b>				
Net investment in capital assets	94,510	6,513,931	1,237,714	2,230,178
Unrestricted	25,567	(9,358,302)	(28,308,815)	938,884
<b>Total net position</b>	<b>\$ 120,077</b>	<b>\$ (2,844,371)</b>	<b>\$ (27,071,101)</b>	<b>\$ 3,169,062</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF NET POSITION (CONTINUED)  
INTERNAL SERVICE FUNDS  
JUNE 30, 2015**

Risk Management	Self-Insurance					Total
	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	
\$ 628,681	\$ 1,004,721	\$ 11,085,375	\$ 11,209,367	\$ 645,063	\$ 732,241	\$ 30,604,469
-	57,604	-	-	-	-	893,703
-	-	-	-	-	-	1,032,322
-	-	-	150,000	-	-	150,000
-	-	-	-	-	-	504,952
-	-	-	-	-	-	75,056
<u>628,681</u>	<u>1,062,325</u>	<u>11,085,375</u>	<u>11,359,367</u>	<u>645,063</u>	<u>732,241</u>	<u>33,260,502</u>
-	-	-	-	-	-	97,087
-	-	-	-	-	-	3,517,319
-	-	-	-	-	-	3,307,521
55,237	-	-	-	-	-	29,284,374
(55,237)	-	-	-	-	-	(26,129,969)
-	-	-	-	-	-	10,076,332
<u>628,681</u>	<u>1,062,325</u>	<u>11,085,375</u>	<u>11,359,367</u>	<u>645,063</u>	<u>732,241</u>	<u>43,336,834</u>
89,836	-	-	-	34,444	-	3,192,208
<u>89,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,444</u>	<u>-</u>	<u>3,192,208</u>
26,504	-	216,045	334,362	7,935	-	1,889,883
-	359,444	3,077,421	4,724,361	-	91,466	8,252,692
-	-	-	-	-	-	410,243
<u>81,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,258</u>	<u>-</u>	<u>3,132,384</u>
<u>107,840</u>	<u>359,444</u>	<u>3,293,466</u>	<u>5,058,723</u>	<u>36,193</u>	<u>91,466</u>	<u>13,685,202</u>
-	-	2,485,579	28,248,639	-	-	30,734,218
-	-	-	-	-	-	2,389,357
64,408	-	-	-	24,134	-	1,185,298
<u>943,819</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,870</u>	<u>-</u>	<u>33,537,256</u>
<u>1,008,227</u>	<u>-</u>	<u>2,485,579</u>	<u>28,248,639</u>	<u>386,004</u>	<u>-</u>	<u>67,846,129</u>
<u>1,116,067</u>	<u>359,444</u>	<u>5,779,045</u>	<u>33,307,362</u>	<u>422,197</u>	<u>91,466</u>	<u>81,531,331</u>
206,801	-	-	-	79,290	-	7,348,384
<u>206,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,290</u>	<u>-</u>	<u>7,348,384</u>
-	-	-	-	-	-	10,076,333
(604,351)	702,881	5,306,330	(21,947,995)	178,020	640,775	(52,427,006)
<u>\$ (604,351)</u>	<u>\$ 702,881</u>	<u>\$ 5,306,330</u>	<u>\$ (21,947,995)</u>	<u>\$ 178,020</u>	<u>\$ 640,775</u>	<u>\$ (42,350,673)</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Central Duplicating	Information Services	Public Works	Service Center
<b>OPERATING REVENUES:</b>				
Charges for services	\$ 718,101	\$ 10,678,015	\$ 33,161,379	\$ 2,230,190
Other revenues	-	11,403	321,624	70,755
<b>Total operating revenues</b>	<b>718,101</b>	<b>10,689,418</b>	<b>33,483,003</b>	<b>2,300,945</b>
<b>OPERATING EXPENSES:</b>				
Salaries and employee benefits	157,513	6,281,510	25,414,325	481,898
Services and supplies	287,900	3,838,888	5,577,113	1,042,440
Insurance and compensation claims	-	70,177	2,169,595	25,337
Provision of insured events for prior years	-	-	-	-
Other	59,336	-	-	-
Depreciation and amortization	15,965	723,248	222,084	607,220
<b>Total operating expenses</b>	<b>520,714</b>	<b>10,913,823</b>	<b>33,383,117</b>	<b>2,156,895</b>
<b>Operating income (loss)</b>	<b>197,387</b>	<b>(224,405)</b>	<b>99,886</b>	<b>144,050</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Intergovernmental	-	-	-	54,000
Interest and investment income	-	-	-	-
Gain/(loss) on disposal of capital assets	-	-	14,321	29,301
Interest expense	(11)	(22,620)	(1,656)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(11)</b>	<b>(22,620)</b>	<b>12,665</b>	<b>83,301</b>
<b>Income (loss) before transfers</b>	<b>197,376</b>	<b>(247,025)</b>	<b>112,551</b>	<b>227,351</b>
Transfers in	-	-	-	421,590
<b>Change in net position</b>	<b>197,376</b>	<b>(247,025)</b>	<b>112,551</b>	<b>648,941</b>
Beginning of the year	131,617	5,808,843	15,810	3,201,027
Prior period adjustment	(208,916)	(8,406,189)	(27,199,462)	(680,906)
Beginning of the year, as restated	(77,299)	(2,597,346)	(27,183,652)	2,520,121
End of the year	<b>\$ 120,077</b>	<b>\$ (2,844,371)</b>	<b>\$ (27,071,101)</b>	<b>\$ 3,169,062</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Self-Insurance						
Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ 1,500,000	\$ 1,994,545	\$ 4,899,998	\$ 6,419,684	\$ 953,619	\$ (175,000)	\$ 62,380,531
-	-	1,092	514	-	-	405,388
<u>1,500,000</u>	<u>1,994,545</u>	<u>4,901,090</u>	<u>6,420,198</u>	<u>953,619</u>	<u>(175,000)</u>	<u>62,785,919</u>
887,837	-	-	-	321,576	-	33,544,659
740,770	35,502	1,046,789	1,200,343	619,216	880	14,389,841
18,561	2,202,192	2,802,989	5,153,429	-	409,042	12,851,322
-	-	(6,507,909)	(1,521,000)	-	-	(8,028,909)
-	-	-	-	-	-	59,336
-	-	-	-	-	-	1,568,517
<u>1,647,168</u>	<u>2,237,694</u>	<u>(2,658,131)</u>	<u>4,832,772</u>	<u>940,792</u>	<u>409,922</u>	<u>54,384,766</u>
<u>(147,168)</u>	<u>(243,149)</u>	<u>7,559,221</u>	<u>1,587,426</u>	<u>12,827</u>	<u>(584,922)</u>	<u>8,401,153</u>
-	-	-	-	-	-	54,000
4,666	4,821	45,561	53,124	3,393	6,151	117,716
-	-	-	-	-	-	43,622
-	-	-	-	-	-	(24,287)
<u>4,666</u>	<u>4,821</u>	<u>45,561</u>	<u>53,124</u>	<u>3,393</u>	<u>6,151</u>	<u>191,051</u>
<u>(142,502)</u>	<u>(238,328)</u>	<u>7,604,782</u>	<u>1,640,550</u>	<u>16,220</u>	<u>(578,771)</u>	<u>8,592,204</u>
-	-	-	-	-	-	421,590
<u>(142,502)</u>	<u>(238,328)</u>	<u>7,604,782</u>	<u>1,640,550</u>	<u>16,220</u>	<u>(578,771)</u>	<u>9,013,794</u>
606,827	941,209	(2,298,452)	(23,588,545)	571,542	1,219,546	(13,390,576)
<u>(1,068,676)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,742)</u>	<u>-</u>	<u>(37,973,891)</u>
<u>(461,849)</u>	<u>941,209</u>	<u>(2,298,452)</u>	<u>(23,588,545)</u>	<u>161,800</u>	<u>1,219,546</u>	<u>(51,364,467)</u>
<u>\$ (604,351)</u>	<u>\$ 702,881</u>	<u>\$ 5,306,330</u>	<u>\$ (21,947,995)</u>	<u>\$ 178,020</u>	<u>\$ 640,775</u>	<u>\$ (42,350,673)</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Central Duplicating	Information Services	Public Works	Service Center
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers and users	\$ 718,101	\$ -	\$ 2,229,169	\$ 2,300,937
Receipts from interfund charges for services	-	11,064,418	\$ 32,156,397	-
Payments to suppliers for goods and services	(315,120)	(3,948,267)	(9,859,727)	(1,124,857)
Payments to employees for salaries and benefits	(154,710)	(6,251,553)	(24,533,246)	(482,991)
Payments for judgments and claims	-	-	-	-
Other payments	(59,335)	-	\$ (419,404)	-
<b>Net cash provided (used) by operating activities</b>	<b>188,936</b>	<b>864,598</b>	<b>(426,811)</b>	<b>693,089</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	-	-	-	421,590
Operating grants	-	-	-	54,000
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>475,590</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(61,856)	(4,091,432)	(554,253)	(1,415,397)
Proceeds from capital related debt	-	2,788,082	-	-
Principal paid on capital debt	(1,324)	(22,620)	(5,970)	-
Interest paid on capital debt	(11)	-	(1,656)	-
Proceeds from sale of capital assets	-	-	14,321	29,301
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(63,191)</b>	<b>(1,325,970)</b>	<b>(547,558)</b>	<b>(1,386,096)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	-	-	-	-
<b>Net cash provided (used) by investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash cash and cash equivalents</b>	<b>125,745</b>	<b>(461,372)</b>	<b>(974,369)</b>	<b>(217,417)</b>
Cash and cash equivalents at beginning of year	63,632	3,410,805	1,442,027	1,909,970
Cash and cash equivalents at end of year	<b>\$ 189,377</b>	<b>\$ 2,949,433</b>	<b>\$ 467,658</b>	<b>\$ 1,692,553</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Self-Insurance						
Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ 1,500,000	\$ 1,979,047	\$ 4,899,998	\$ 6,419,684	\$ 953,619	\$ (175,000)	\$ 20,825,555
-	-	-	-	-	-	43,220,815
(744,689)	(231,152)	(3,237,600)	(3,146,277)	(621,061)	(150,880)	(23,379,630)
(868,832)	-	-	-	(318,977)	-	(32,610,309)
(18,561)	(1,793,472)	(673,043)	(3,068,911)	-	(259,042)	(5,813,029)
-	-	1,092	514	-	-	(477,133)
(132,082)	(45,577)	990,447	205,010	13,581	(584,922)	1,766,269
-	-	-	-	-	-	421,590
-	-	-	-	-	-	54,000
-	-	-	-	-	-	475,590
-	-	-	-	-	-	(6,122,938)
-	-	-	-	-	-	2,788,082
-	-	-	-	-	-	(29,914)
-	-	-	-	-	-	(1,667)
-	-	-	-	-	-	43,622
-	-	-	-	-	-	(3,322,815)
4,666	4,821	45,561	53,124	3,392	6,151	117,715
4,666	4,821	45,561	53,124	3,392	6,151	117,715
(127,416)	(40,756)	1,036,008	258,134	16,973	(578,771)	(963,241)
756,097	1,045,477	10,049,367	10,951,233	628,090	1,311,012	31,567,710
<u>\$ 628,681</u>	<u>\$ 1,004,721</u>	<u>\$ 11,085,375</u>	<u>\$ 11,209,367</u>	<u>\$ 645,063</u>	<u>\$ 732,241</u>	<u>\$ 30,604,469</u>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Central Duplicating	Information Services	Public Works	Service Center
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 197,387	\$ (224,405)	\$ 99,886	\$ 144,050
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	15,965	723,248	222,084	607,220
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	-	-	(115,018)	(8)
Inventory	-	-	2,004	4,566
Prepaid items	(31,259)	-	-	-
Due from other funds	-	375,000	(419,404)	-
Deferred outflows	(17,562)	(706,652)	(2,286,475)	(57,239)
Increase (decrease) in:				
Payables	4,039	(39,202)	45,278	(61,646)
Accrued salaries and benefits	719	32,109	105,364	2,413
Compensated absences	3,628	59,933	(166,121)	1,523
Claims and judgments	-	-	-	-
Capital leases	-	-	-	-
Deferred inflows	40,428	1,626,694	5,263,408	131,763
Net pension liability	(24,409)	(982,127)	(3,177,817)	(79,553)
Total adjustments	(8,451)	1,089,003	(526,697)	549,039
<b>Net cash provided (used) by operating activities</b>	<b>\$ 188,936</b>	<b>\$ 864,598</b>	<b>\$ (426,811)</b>	<b>\$ 693,089</b>



**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

Self-Insurance						
Risk Management	Dental and Health Insurance	Liability and Property Insurance	Workers' Compensation Insurance	Employee Benefit Staffing	State Unemployment Insurance Program	Total
\$ (147,168)	\$ (243,149)	\$ 7,559,221	\$ 1,587,426	\$ 12,827	\$ (584,922)	\$ 8,401,153
-	-	-	-	-	-	1,568,517
-	(15,498)	-	-	-	-	(130,524)
-	-	-	-	-	-	6,570
-	-	-	-	-	-	(31,259)
-	-	-	-	-	-	(44,404)
(89,836)	-	-	-	(34,444)	-	(3,192,208)
(3,919)	(50,321)	(60,865)	(1,382,416)	(1,845)	-	(1,550,897)
7,699	-	-	-	(107)	-	148,197
19,198	-	-	-	5,732	-	(76,107)
-	263,391	(6,507,909)	-	-	-	(6,244,518)
-	-	-	-	-	-	-
206,801	-	-	-	79,290	-	7,348,384
(124,857)	-	-	-	(47,872)	-	(4,436,635)
15,086	197,572	(6,568,774)	(1,382,416)	754	-	(6,634,884)
<u>\$ (132,082)</u>	<u>\$ (45,577)</u>	<u>\$ 990,447</u>	<u>\$ 205,010</u>	<u>\$ 13,581</u>	<u>\$ (584,922)</u>	<u>\$ 1,766,269</u>



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# FIDUCIARY FUNDS

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**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 Successor Agency.



**COUNTY OF SANTA CRUZ  
 COMBINING STATEMENT OF NET POSITION  
 ALL AGENCY FUNDS  
 JUNE 30, 2015**

	Inter- governmental Agency	Payroll	Property Tax Collections	Total
<b>ASSETS</b>				
Cash and investments	\$ 26,098,855	\$ 5,186,468	\$ 9,305,460	\$ 40,590,783
Receivables	41	-	12,696,258	12,696,299
<b>Total assets</b>	<b>\$ 26,098,896</b>	<b>\$ 5,186,468</b>	<b>\$ 22,001,718</b>	<b>\$ 53,287,082</b>
<b>LIABILITIES</b>				
Accounts payable	-	\$ 5,186,468	\$ 104	\$ 5,186,572
Due to other governmental units	-	-	22,001,614	22,001,614
Agency funds held for others	26,098,896	-	-	26,098,896
<b>Total liabilities</b>	<b>\$ 26,098,896</b>	<b>\$ 5,186,468</b>	<b>\$ 22,001,718</b>	<b>\$ 53,287,082</b>

**COUNTY OF SANTA CRUZ  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b><u>Intergovernmental Agency</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 22,436,613	\$1,363,085,835	\$1,359,423,593	\$ 26,098,855
Receivables	29,961	41	29,961	41
<b>Total assets</b>	<b>\$ 22,466,574</b>	<b>\$1,363,085,876</b>	<b>\$1,359,453,554</b>	<b>\$ 26,098,896</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 370,081,265	\$ 370,081,265	\$ -
Agency funds held for others	22,466,574	170,735,200	167,102,878	26,098,896
<b>Total liabilities</b>	<b>\$ 22,466,574</b>	<b>\$ 540,816,465</b>	<b>\$ 537,184,143</b>	<b>\$ 26,098,896</b>
<b><u>Payroll</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 5,151,243	\$ 304,345,543	\$ 304,310,318	\$ 5,186,468
<b>Total assets</b>	<b>\$ 5,151,243</b>	<b>\$ 304,345,543</b>	<b>\$ 304,310,318</b>	<b>\$ 5,186,468</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,151,243	\$ 631,742,910	\$ 631,707,685	\$ 5,186,468
<b>Total liabilities</b>	<b>\$ 5,151,243</b>	<b>\$ 631,742,910</b>	<b>\$ 631,707,685</b>	<b>\$ 5,186,468</b>
<b><u>Property Tax Collections</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 13,364,988	\$ 962,330,769	\$ 966,390,297	\$ 9,305,460
Receivables	12,305,331	450,162,301	449,771,374	12,696,258
<b>Total assets</b>	<b>\$ 25,670,319</b>	<b>\$1,412,493,070</b>	<b>\$1,416,161,671</b>	<b>\$ 22,001,718</b>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 18,787,781	\$ 18,787,677	\$ 104
Due to other governmental units	25,670,319	1,403,043,474	1,406,712,179	22,001,614
<b>Total liabilities</b>	<b>\$ 25,670,319</b>	<b>\$1,421,831,255</b>	<b>\$1,425,499,856</b>	<b>\$ 22,001,718</b>
<b><u>Total Agency Funds</u></b>				
<b>Assets:</b>				
Cash and investments	\$ 40,952,844	\$2,629,762,147	\$2,630,124,208	\$ 40,590,783
Receivables	12,335,292	450,162,342	449,801,335	12,696,299
<b>Total assets</b>	<b>\$ 53,288,136</b>	<b>\$3,079,924,489</b>	<b>\$3,079,925,543</b>	<b>\$ 53,287,082</b>
<b>Liabilities:</b>				
Accounts payable	\$ 5,151,243	\$1,020,611,956	\$1,020,576,627	\$ 5,186,572
Due to other governmental units	25,670,319	1,403,043,474	1,406,712,179	22,001,614
Agency funds held for others	22,466,574	170,735,200	167,102,878	26,098,896
<b>Total liabilities</b>	<b>\$ 53,288,136</b>	<b>\$2,594,390,630</b>	<b>\$2,594,391,684</b>	<b>\$ 53,287,082</b>

**SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY  
STATEMENT OF NET POSITION  
PRIVATE PURPOSE TRUST FUND  
JUNE 30, 2015**

	<u>Santa Cruz County Redevelopment Successor Agency</u>
<b>ASSETS</b>	
Current Assets:	
Cash and investments	\$ 13,308,970
Total current assets:	<u>13,308,970</u>
Noncurrent Assets:	
Restricted cash with fiscal agents	9,093,441
Prepaid insurance	1,742,122
Capital assets, net	<u>9,119,254</u>
<b>Total assets</b>	<u><u>\$ 33,263,787</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on refunding of debt	\$ 341,167
<b>Total deferred outflows of resources</b>	<u><u>\$ 341,167</u></u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable - claims	\$ 2,649
Interest payable	3,650,235
Long-term debt - due within one year	<u>5,618,356</u>
Total current liabilities:	9,271,240
Long-term Liabilities:	
Long-term debt - due in more than one year	<u>225,042,725</u>
Total long-term liabilities:	225,042,725
<b>Total liabilities</b>	<u><u>\$ 234,313,965</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred tax increment revenue	\$ 6,725,049
Gain on refunding of debt	<u>121,852</u>
<b>Total deferred inflows of resources</b>	<u><u>\$ 6,846,901</u></u>
<b>NET POSITION</b>	
Fund net position held in trust	<u><u>\$ (207,555,912)</u></u>

**COUNTY OF SANTA CRUZ  
SANTA CRUZ COUNTY REDEVELOPMENT SUCCESSOR AGENCY  
STATEMENT OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	Santa Cruz County Redevelopment Successor Agency
<b>ADDITIONS:</b>	
Investment income	\$ 37,249
Tax increment received	20,242,185
Other revenue	155,636
Contributions from other agencies	96,223
<b>Total additions</b>	20,531,293
 <b>DEDUCTIONS:</b>	
Payments in accordance with enforceable obligations	15,752,183
<b>Total deductions</b>	15,752,183
Change in net position held in trust:	4,779,110
Net position - beginning	(212,335,022)
Net position - ending	\$ (207,555,912)



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# STATISTICAL SECTION

## (UNAUDITED)

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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.

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	180-184
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	185-188
<b>Debt Capacity</b> 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.	189-192
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	193-197
<b>Operating Information</b> 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.	198-202

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	\$ 484,646	\$ 439,466	\$ 448,657	\$ 455,726	\$ 215,172	\$ 212,557	\$ 242,858	\$ 327,708	\$ 332,526	\$ 263,521
Restricted	55,856	75,773	67,014	96,980	117,713	40,865	31,660	55,167	39,024	96,829
Unrestricted	(399,332)	(72,239)	(65,133)	(66,913)	(61,396)	36,955	32,147	(21,529)	6,532	3,703
<b>Total governmental activities net position</b>	<b>\$ 141,170</b>	<b>\$ 443,000</b>	<b>\$ 450,538</b>	<b>\$ 485,793</b>	<b>\$ 271,489</b>	<b>\$ 290,377</b>	<b>\$ 306,665</b>	<b>\$ 361,346</b>	<b>\$ 378,082</b>	<b>\$ 364,053</b>
Business-type activities										
Net investment in capital assets	\$ 28,585	\$ 24,033	\$ 25,023	\$ 25,442	\$ 24,677	\$ 26,662	\$ 26,327	\$ 27,280	\$ 23,266	\$ 23,032
Restricted	260	476	44	256	253	317	83	187	250	261
Unrestricted	3,620	8,130	7,634	6,520	5,803	6,553	7,433	6,797	12,628	12,972
<b>Total business-type activities net position</b>	<b>\$ 32,465</b>	<b>\$ 32,639</b>	<b>\$ 32,701</b>	<b>\$ 32,218</b>	<b>\$ 30,733</b>	<b>\$ 33,532</b>	<b>\$ 33,843</b>	<b>\$ 34,264</b>	<b>\$ 36,144</b>	<b>\$ 36,265</b>
Total primary government										
Net investment in capital assets	\$ 513,231	\$ 463,499	\$ 473,680	\$ 481,168	\$ 239,849	\$ 239,219	\$ 269,185	\$ 354,988	\$ 355,792	\$ 286,553
Restricted	56,116	76,249	67,058	97,236	117,966	41,182	31,743	55,354	39,274	97,090
Unrestricted	(395,712)	(64,109)	(57,499)	(60,393)	(55,593)	43,508	39,580	(14,732)	19,160	16,675
<b>Total primary government net position</b>	<b>\$ 173,635</b>	<b>\$ 475,639</b>	<b>\$ 483,239</b>	<b>\$ 518,011</b>	<b>\$ 302,222</b>	<b>\$ 323,909</b>	<b>\$ 340,508</b>	<b>\$ 395,610</b>	<b>\$ 414,226</b>	<b>\$ 400,318</b>

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities:										
General government	\$ 33,544	\$ 25,451	\$ 17,725	\$ 27,417	\$ 39,206	\$ 30,407	\$ 37,098	\$ 48,765	\$ 29,116	\$ 25,887
Public protection	131,718	133,932	127,640	124,721	125,065	122,743	146,283	117,001	113,608	112,832
Public ways and facilities	32,900	18,961	47,167	32,192	36,694	45,826	32,859	47,209	26,840	39,017
Health and sanitation	108,999	108,571	111,441	113,242	107,497	105,239	111,310	112,560	105,039	97,340
Public assistance	116,902	112,840	104,889	105,835	101,990	108,121	110,208	101,454	98,679	97,378
Education	5,537	4,915	5,005	5,033	5,194	5,140	5,153	5,209	4,714	4,502
Recreation and culture	7,202	6,870	5,867	6,670	6,386	6,617	8,499	8,558	7,399	6,662
Interest on long-term debt	3,307	8,126	3,321	10,262	17,144	15,782	13,098	13,211	16,026	12,205
Total government activities expenses	<u>440,109</u>	<u>419,666</u>	<u>423,055</u>	<u>425,372</u>	<u>439,176</u>	<u>439,875</u>	<u>464,508</u>	<u>453,967</u>	<u>401,421</u>	<u>395,823</u>
Business-type activities:										
County Disposal Site CSA 9C	\$ 11,785	\$ 11,464	\$ 10,904	\$ 10,506	\$ 14,792	\$ 12,283	\$ 14,317	\$ 16,088	\$ 13,540	\$ 13,022
Boulder Creek CSA 7	332	310	344	295	299	298	417	438	299	353
Rolling Woods CSA 10	12	14	14	14	12	44	93	78	62	62
Septic Tank Maintenance CSA 12	1,058	1,114	1,017	943	1,050	951	1,148	966	875	718
Freedom County Sanitation CSA	965	607	441	857	825	551	891	609	602	533
Davenport County Sanitation District CSA	656	557	458	532	477	701	550	420	410	432
Place de Mer CSA 2	50	23	21	37	70	32	52	39	64	50
Sand Dollar Beach CSA 5	275	243	260	265	315	252	254	314	216	220
Trestle Beach CSA 20	51	59	36	41	43	71	61	73	40	45
Summit West CSA 54	-	1	1	1	1	1	1	31	4	4
Graham Hill CSA 57	35	53	35	33	27	27	27	13	20	18
Total business-type activities expenses	<u>15,219</u>	<u>14,445</u>	<u>13,531</u>	<u>13,524</u>	<u>17,911</u>	<u>15,211</u>	<u>17,811</u>	<u>19,069</u>	<u>16,131</u>	<u>15,457</u>
Total primary government expenses	<u>\$ 455,328</u>	<u>\$ 434,111</u>	<u>\$ 436,586</u>	<u>\$ 438,896</u>	<u>\$ 457,087</u>	<u>\$ 455,086</u>	<u>\$ 482,319</u>	<u>\$ 473,036</u>	<u>\$ 417,552</u>	<u>\$ 411,280</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 18,605	\$ 19,150	\$ 18,071	\$ 17,695	\$ 18,305	\$ 17,083	\$ 18,494	\$ 16,953	\$ 16,467	\$ 16,797
Health, sanitation & public assistance	28,088	25,830	23,238	33,029	27,635	24,754	27,137	23,675	25,324	22,307
Public protection	22,913	21,426	20,742	20,623	20,954	20,961	22,364	24,795	23,792	23,328
Public ways & facilities, and recreation	8,217	8,286	8,869	9,412	8,453	8,555	8,633	7,672	7,933	5,939
Operating grants and contributions	243,896	227,863	219,341	207,264	199,689	209,932	187,859	208,047	196,695	192,287
Capital grants and contributions	7,006	10,541	10,678	8,016	11,298	8,673	7,885	3,542	7,508	5,632
Total governmental activities program revenues	<u>328,725</u>	<u>313,096</u>	<u>300,939</u>	<u>296,039</u>	<u>286,334</u>	<u>289,958</u>	<u>272,372</u>	<u>284,684</u>	<u>277,719</u>	<u>266,290</u>
Business-type activities:										
Charges for services	13,933	13,350	13,137	13,313	13,058	13,166	13,350	13,237	13,299	13,223
Operating grants and contributions	226	382	208	573	289	964	338	123	127	101
Capital grants and contributions	118	-	60	345	1,097	15	50	25	8	4
Total business-type activities program revenues	<u>14,277</u>	<u>13,732</u>	<u>13,405</u>	<u>14,231</u>	<u>14,444</u>	<u>14,145</u>	<u>13,738</u>	<u>13,385</u>	<u>13,434</u>	<u>13,328</u>
Total primary government program revenues	<u>\$ 343,002</u>	<u>\$ 326,828</u>	<u>\$ 314,344</u>	<u>\$ 310,270</u>	<u>\$ 300,778</u>	<u>\$ 304,103</u>	<u>\$ 286,110</u>	<u>\$ 298,069</u>	<u>\$ 291,153</u>	<u>\$ 279,618</u>
Net (expense)/revenue										
Governmental activities	\$ (111,384)	\$ (106,570)	\$ (122,116)	\$ (129,333)	\$ (152,843)	\$ (149,917)	\$ (192,136)	\$ (169,283)	\$ (123,702)	\$ (129,533)
Business-type activities	(942)	(713)	(126)	707	(3,467)	(1,066)	(4,073)	(5,685)	(2,697)	(2,129)
Total primary government net expense	<u>\$ (112,326)</u>	<u>\$ (107,283)</u>	<u>\$ (122,242)</u>	<u>\$ (128,626)</u>	<u>\$ (156,310)</u>	<u>\$ (150,983)</u>	<u>\$ (196,209)</u>	<u>\$ (174,968)</u>	<u>\$ (126,399)</u>	<u>\$ (131,662)</u>

(Continued)

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>General Revenue and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 93,563	\$ 88,178	\$ 84,795	\$ 97,716	\$ 109,837	\$ 111,224	\$ 115,179	\$ 111,745	\$ 104,814	\$ 95,746
Other taxes	21,831	19,046	17,201	16,044	15,265	12,978	13,951	15,622	15,133	14,443
Grants and contributions not restricted for specific purposes	-	-	117	-	-	-	-	-	-	-
Use of money and property	3,473	3,652	1,254	2,741	2,827	3,373	5,805	11,858	14,628	11,655
Miscellaneous	4,306	751	(156)	52,099	6,033	4,606	2,546	13,402	3,155	11,576
Gain (Loss) on sale of assets	-	(4)	26	1,005	(6)	101	37	(79)	-	-
<b>Total governmental activities</b>	<b>123,173</b>	<b>111,623</b>	<b>103,237</b>	<b>169,605</b>	<b>133,956</b>	<b>132,282</b>	<b>137,518</b>	<b>152,548</b>	<b>137,730</b>	<b>133,420</b>
Business-type activities:										
Property taxes	27	25	25	25	25	24	25	-	-	-
Use of money and property	49	95	(24)	45	12	13	174	756	1,064	859
Miscellaneous	6,539	531	609	705	631	760	1,068	3,048	1,513	1,370
Gain (Loss) on sale of assets	-	-	-	2	-	3	-	-	-	-
<b>Total business-type activities</b>	<b>6,615</b>	<b>651</b>	<b>610</b>	<b>777</b>	<b>668</b>	<b>800</b>	<b>1,267</b>	<b>3,804</b>	<b>2,577</b>	<b>2,229</b>
<b>Total primary government</b>	<b>\$ 129,788</b>	<b>\$ 112,274</b>	<b>\$ 103,847</b>	<b>\$ 170,382</b>	<b>\$ 134,624</b>	<b>\$ 133,082</b>	<b>\$ 138,785</b>	<b>\$ 156,352</b>	<b>\$ 140,307</b>	<b>\$ 135,649</b>
Extraordinary Item:	\$ -	\$ -	\$ (16,377)	\$ 174,033	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ 11,789	\$ 5,053	\$ (35,256)	\$ 214,305	\$ (18,887)	\$ (17,635)	\$ (54,618)	\$ (16,735)	\$ 14,028	\$ 3,887
Business-type activities	5,673	(62)	484	1,484	(2,799)	(266)	(2,806)	(1,881)	(120)	100
<b>Total primary government</b>	<b>\$ 17,462</b>	<b>\$ 4,991</b>	<b>\$ (34,772)</b>	<b>\$ 215,789</b>	<b>\$ (21,686)</b>	<b>\$ (17,901)</b>	<b>\$ (57,424)</b>	<b>\$ (18,616)</b>	<b>\$ 13,908</b>	<b>\$ 3,987</b>

(Continued)

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

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

	Fiscal Year					
	2015	2014	2013	2012	2011	2010
General Fund <sup>1</sup>						
Nonspendable	\$ 1,135	\$ 872	\$ 3,544	\$ 3,739	\$ 4,118	\$ 1,525
Restricted	-	2	2	1	-	-
Committed	15,541	21,627	16,166	13,706	12,847	11,748
Assigned	33,600	18,214	20,857	24,722	22,231	15,430
Unassigned	(71)	-	-	-	171	-
Total General Fund	<u>\$ 50,205</u>	<u>\$ 40,715</u>	<u>\$ 40,569</u>	<u>\$ 42,168</u>	<u>\$ 39,367</u>	<u>\$ 28,703</u>
All other governmental funds						
Nonspendable	\$ 61,184	\$ 60,226	\$ 56,077	\$ 49,883	\$ -	\$ -
Restricted	55,820	69,455	67,030	97,824	166,676	183,044
Unassigned	-	-	(17)	(22)	(37)	-
Total all other governmental funds	<u>\$ 117,004</u>	<u>\$ 129,681</u>	<u>\$ 123,090</u>	<u>\$ 147,685</u>	<u>\$ 166,639</u>	<u>\$ 183,044</u>

<sup>1</sup>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**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes	\$ 115,394	\$ 107,224	\$ 101,997	\$ 113,760	\$ 125,101	\$ 123,718	\$ 129,130	\$ 127,367	\$ 119,947	\$ 110,189
Licenses and permits	11,053	9,847	9,819	10,356	9,046	9,247	9,177	10,085	10,183	9,481
Fines, forfeits and penalties	4,720	4,758	4,474	4,737	5,200	5,231	5,088	4,911	5,673	6,440
Use of money and property	3,417	3,480	1,264	2,635	2,718	3,197	5,451	11,082	13,929	11,109
Aid from other governments	250,902	238,404	230,019	215,280	210,987	219,090	195,758	211,572	204,203	198,214
Charges for services	62,050	60,087	56,626	65,666	61,115	56,845	62,364	58,100	58,091	54,653
Other	10,168	12,927	5,320	2,274	5,341	4,617	4,815	14,617	3,150	9,417
Total revenues	<u>457,704</u>	<u>436,727</u>	<u>409,519</u>	<u>414,708</u>	<u>419,508</u>	<u>421,945</u>	<u>411,783</u>	<u>437,734</u>	<u>415,177</u>	<u>399,503</u>
<b>Expenditures</b>										
Current										
General government	32,532	29,206	28,311	26,747	29,084	26,198	29,994	33,490	28,024	24,086
Public protection	137,893	134,296	129,562	118,671	117,531	118,848	126,014	123,435	112,395	111,868
Public ways and facilities	24,440	18,730	41,232	32,074	37,534	53,095	45,023	37,736	41,335	39,119
Health and sanitation	111,509	108,967	108,688	107,810	104,191	102,048	103,920	109,152	104,326	95,717
Public assistance	119,199	112,967	101,437	101,204	99,120	100,294	101,562	102,976	97,981	95,987
Education	5,325	4,915	4,781	4,810	4,974	4,921	5,420	5,040	4,711	4,502
Recreation and culture	7,156	6,951	6,900	7,004	6,928	7,345	7,876	9,189	7,789	7,377
Capital outlay	9,306	18,875	-	-	35,417	769	3,380	10,671	10,299	3,451
Debt service										
Principal	3,992	3,797	3,815	7,790	7,603	6,958	6,836	7,344	7,126	6,339
Bond redemption	-	-	-	-	-	-	771	-	-	-
Bond issue costs	-	-	-	-	1,127	-	181	263	738	1,998
Interest and fiscal charges	3,239	3,151	3,318	10,482	15,677	15,742	12,360	13,343	14,652	10,842
Total expenditures	<u>454,591</u>	<u>441,855</u>	<u>428,044</u>	<u>416,592</u>	<u>459,186</u>	<u>436,218</u>	<u>443,337</u>	<u>452,639</u>	<u>429,376</u>	<u>401,286</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	3,113	(5,128)	(18,525)	(1,884)	(39,678)	(14,273)	(31,554)	(14,905)	(14,199)	(1,783)
<b>Other Financing Sources (Uses)</b>										
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
Gain on conversion of receivables	-	-	-	5,024	-	-	-	-	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	60,492	7,370	10,755	-
Payment to bond refunding escrow agent	-	(6,362)	-	(1,399)	-	-	-	(8,012)	(10,366)	-
Transfers in	12,312	36,185	17,620	24,252	145,035	29,843	29,760	31,921	27,593	88,914
Transfers out	(18,706)	(37,268)	(18,379)	(24,282)	(145,709)	(30,551)	(79,777)	(32,043)	(27,795)	(89,008)
Inception of capital lease	93	403	36	80	123	-	110	94	5,990	-
Total other financing sources (uses)	<u>(6,301)</u>	<u>5,580</u>	<u>(490)</u>	<u>57,597</u>	<u>33,936</u>	<u>(651)</u>	<u>59,963</u>	<u>776</u>	<u>15,114</u>	<u>69,189</u>
<b>Extraordinary Item</b>	-	-	(7,179)	(71,866)	-	-	-	-	-	-
<b>Net change in fund balance</b>	<u>\$ (3,188)</u>	<u>\$ 452</u>	<u>\$ (26,194)</u>	<u>\$ (16,153)</u>	<u>\$ (5,742)</u>	<u>\$ (14,924)</u>	<u>\$ 28,409</u>	<u>\$ (14,129)</u>	<u>\$ 915</u>	<u>\$ 67,406</u>
Debt service as a percentage of noncapital expenditures	1.69%	1.64%	1.79%	4.59%	5.76%	5.57%	4.66%	4.85%	5.56%	4.48%

**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 <sup>1</sup>	Delinquent Penalties and Costs	Sales and Use Tax	Occupancy Tax	Business Tax <sup>2</sup>	Property Transfer Tax	Other Taxes	Total Tax Revenues
2,006	\$ 61,118	\$ 49	\$ 2,904	\$ 7,865	\$ 3,732	\$ -	\$ 2,243	\$ 72	\$ 77,983
2,007	66,783	117	2,741	7,961	3,931	-	1,481	72	83,086
2,008	70,879	187	3,595	8,904	4,622	-	1,464	74	89,725
2,009	72,032	224	5,291	8,038	3,887	-	1,532	74	91,078
2,010	69,970	89	4,671	7,212	3,511	-	1,630	74	87,157
2,011	69,606	118	5,156	7,892	4,101	-	1,709	72	88,654
2,012	69,497	77	4,249	8,378	4,605	-	1,528	72	88,406
2,013	69,152	65	3,522	9,129	4,515	-	1,936	72	88,391
2,014	71,929	41	3,656	9,840	5,514	-	1,906	72	92,958
2,015	77,497	146	2,017	10,248	6,482	978	2,243	76	99,687

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

<sup>2</sup> The County began collecting Cannabis Business Tax during 2014-2015.

**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 <sup>1</sup>	Collections within the Fiscal Year of the Levy <sup>2</sup>		Collections in Subsequent Years <sup>3</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Total Tax Collections	Percentage of Levy
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%	2,210	415,486	99.3%
2015	443,002	437,476	98.8%	-	437,476	98.8%

<sup>1</sup> Secured tax levy for the County itself, school districts, cities and special districts under the supervision of their own governing boards.

<sup>2</sup> 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.

<sup>3</sup> 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<sup>1</sup>**  
**LAST TEN FISCAL YEARS**  
*(Reported in Thousands)*

Fiscal Year Beginning July 1,	Secured <sup>2</sup>	Unsecured	Total Taxable Assessed Value <sup>3</sup>	Total Direct Tax Rate <sup>4</sup>
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%
2015	38,321,843	873,141	39,194,984	1.00%

<sup>1</sup> Assessed value of taxable property represents all taxable property within the County except as excluded or exempted by the State Constitution and the Legislature.

<sup>2</sup> Includes unitary properties (e.g., railroads, utilities), which are assessed by the State Board of Equalization.

<sup>3</sup> 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.

<sup>4</sup> 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  
LAST TEN FISCAL YEARS  
(Reported in Thousands)**

Fiscal Year	Property Tax Rates Per \$100 of Assessed Valuation		County	Cities	School Districts	Special Districts	Total
	Low	High					
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	1.058	1.189	26.0	5.0	56.5	12.5	100.0
2015	1.058	1.189	25.5	5.0	57.0	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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Capital leases	\$ 4,731	\$ 5,077	\$ 5,075	\$ 5,337	\$ 5,544	\$ 5,673	\$ 5,942	\$ 6,051	\$ 6,000	\$ 53
Refunding Certificates of Participation	21,440	23,025	24,534	25,959	27,334	28,634	29,889	31,086	32,921	34,686
Acquisition and Refunding										
Lease Revenue Bonds	12,325	12,325	6,450	6,670	6,885	7,090	7,290	7,840	8,375	9,135
Lease Revenue Refunding Bonds	1,690	1,751	1,812	1,866	1,404	1,535	1,667	1,797	1,918	2,037
Revenue Bonds	-	-	-	405	785	1,145	1,480	1,800	2,100	2,385
Local Agency Revenue Bonds	165	195	225	250	275	295	320	360	445	520
Certificates of Participation	27,266	29,307	31,278	33,024	29,110	30,746	32,312	28,822	27,916	21,915
Refunding Certificates of Participation	6,286	6,583	-	-	-	-	-	-	-	-
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
CA Transportation Finance Bank	-	-	-	-	-	-	600	600	-	-
RDA Tax Allocation Bonds	-	-	-	-	247,995	217,472	220,938	168,549	172,144	174,677
Internal Service Funds	26	19	16	29	22	-	-	329	653	1,171
Business-type activities										
Loans payable	449	490	531	570	608	646	404	448	2,860	1,188
Capital leases	-	2	3	-	-	-	178	605	-	-
Total Primary government <sup>1</sup>	<u>\$ 74,378</u>	<u>\$ 79,499</u>	<u>\$ 71,375</u>	<u>\$ 76,318</u>	<u>\$ 320,025</u>	<u>\$ 293,327</u>	<u>\$ 301,530</u>	<u>\$ 248,998</u>	<u>\$ 256,230</u>	<u>\$ 248,840</u>
Percentage of personal income <sup>2,4</sup>	0.50%	0.56%	0.54%	0.62%	2.64%	2.27%	2.35%	2.06%	2.31%	2.30%
Per capita <sup>3,4</sup>	\$ 276	\$ 298	\$ 270	\$ 290	\$ 1,231	\$ 1,143	\$ 1,190	\$ 990	\$ 1,019	\$ 986

<sup>1</sup> Excludes Component Unit. Total primary government, percentage of personal income and per capita data for prior periods were restated here to exclude amounts related to the Component Unit.

<sup>2</sup> Percentage of personal income is calculated from personal income data for the preceding calendar year (e.g., percentage of personal income for Fiscal Year 2015 is based on 2013 calendar year personal income data). Personal income data is provided by the Bureau of Economic Analysis (BEA).

<sup>3</sup> 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.

<sup>4</sup> 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**

<u>Fiscal Year</u>	<u>Assessed Value <sup>1</sup></u>	<u>Legal Debt Limit <sup>2</sup></u>	<u>Total Net Applicable Debt</u>	<u>Legal Debt Margin</u>	<u>Debt Margin/ Debt Limit</u>
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%
2015	38,321,843,499	479,023,044	-	479,023,044	100%

<sup>1</sup> Total Assessed Value includes exempt property.

<sup>2</sup> 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, 2015**  
*(Reported in Thousands)*

2014-2015 Total Net Assessed Valuation \$ 36,554,450

	Percentage Applicable <sup>1</sup>	Net Debt Outstanding
<u>Overlapping Tax and Assessment and General Obligation Debt</u>		
<b>SCHOOL DISTRICTS</b>		
Live Oak Elementary	100%	\$ 15,174
Santa Cruz City Elementary	100%	17,836
Soquel Union Elementary	100%	10,315
Santa Cruz City High	100%	35,846
Bonny Doon Elementary	100%	120
Scotts Valley Unified	100%	14,205
San Lorenzo Valley Unified	100%	29,700
Pacific	100%	828
Pajaro Valley Unified	100%	122,699
Cabrillo College	100%	133,666
<b>SPECIAL DISTRICTS</b>		
Zayante Fire	100%	110
Lompico Water	100%	189
Rolling Woods Water	100%	1,030
Rolling Woods Sewer Improvements	100%	750
North Polo Drive Sewer Extension	100%	165
Felton Community Facilities - District No. 1	100%	9,035
Total Overlapping Tax and Assessment and General Obligation Debt		391,668
<u>Direct Debt</u>		
Santa Cruz County <sup>2</sup>	100%	73,929
Total Direct Debt		73,929
Total Combined Overlapping and Direct Debt		\$ 465,597
<u>Ratio to 2014-2015 Assessed Valuation</u>		
Total Overlapping Tax and Assessment and General Obligation Debt	1.07%	
Total Direct Debt	0.20%	
Total Combined Direct Debt and Overlapping Debt	1.27%	

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the County.

<sup>2</sup> 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<sup>1</sup>**  
**JUNE 30, 2015**  
*(Reported in Thousands)*

YEAR OF ISSUANCE	PRINCIPAL	INTEREST	TOTAL
Debt <sup>2</sup>			
1996	\$ 14,690	\$ 5,456	\$ 20,146
1999	165	24	189
2002	1,895	1,024	2,919
2004	12,945	3,288	16,233
2005	4,805	628	5,433
2006	6,300	3,357	9,657
2008	2,690	441	3,131
2011	5,310	3,172	8,482
2012A	1,706	876	2,582
2014	6,005	2,466	8,471
2014	11,810	5,491	17,301
Total debt outstanding for the Public Financing Authority	<u>\$ 68,321</u>	<u>\$ 26,223</u>	<u>\$ 94,544</u>

<sup>1</sup> The Public Financing Authority is a separate legal entity for whose debt the County is not liable.

<sup>2</sup> 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 <sup>1</sup> (in thousands)	Budget Requirements <sup>2</sup> (in thousands)	Budget Per Capita	Current Property Taxes (in thousands)	Taxes Per Capita
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
2015	272	505,725	1,859	77,497	285

Fiscal Year	Assessed Valuation (in thousands)	Per Capita Income <sup>3</sup>	Personal Income <sup>3</sup> (in thousands)	School Enrollment <sup>4</sup>	Unemployment Rate <sup>5</sup>
2006	\$ 30,238,488	\$ 42,963	\$ 10,842,053	67,387	6.3%
2007	32,507,394	44,219	11,115,648	66,501	5.6%
2008	33,586,675	47,972	12,070,517	68,647	5.9%
2009	32,531,717	50,759	12,857,521	69,640	7.4%
2010	32,390,765	50,371	12,921,107	69,958	11.1%
2011	32,332,271	46,563	12,106,888	68,543	13.3%
2012	32,033,769	46,880	12,343,951	69,336	13.1%
2013	33,625,169	50,234	13,301,802	69,194	11.8%
2014	35,996,363	53,473	14,251,103	69,342	10.3%
2015	38,321,843	54,970	14,809,976	70,516	8.7%

**SOURCES**

<sup>1</sup> Based on information compiled by the California Department of Finance.

<sup>2</sup> Santa Cruz County Final/Adopted Budgets.

<sup>3</sup> U.S. Bureau of Economic Analysis (BEA). Figures are for the preceding calendar year (e.g., Fiscal Year 2015 is 2014 calendar year data). All prior period numbers have been revised by the BEA and have been restated here.

<sup>4</sup> Total includes data obtained from the California Department of Education, the University of California at Santa Cruz, and Cabrillo College.

<sup>5</sup> Data reflects the annual average rate for the calendar year (e.g., Fiscal Year 2015 is annual average for 2014 calendar year) as calculated by the California Employment Development Department (EDD). Calendar year 2013 was revised by the EDD and has been restated here.

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

Calendar Year	New Dwelling Units <sup>1</sup>			Valuation of New Units <sup>1</sup> (in thousands)			Deposits <sup>2</sup>
	Single Family	Multiple Family	Total Units	Residential	Non-Residential	Total Valuation	Amount (in thousands)
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 <sup>3</sup>	98,175 <sup>3</sup>	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
2014	113	5	118	70,444	79,182	149,626	4,729,351

<sup>1</sup> Compiled by the California Department of Finance - Economic Research Unit. Calendar year 2015 new construction and property valuation data is not available.

<sup>2</sup> Compiled by the Federal Deposit Insurance Corporation (FDIC) as reported in the Deposit Market Share Report reflecting deposits as of June 30, 2014.

<sup>3</sup> 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**

Year Ended June 30,	Debt Service Funds		Enterprise Funds	
	Special Assessment Billed	Special Assessment Collected	Special Assessment Billed	Special Assessment Collected
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
2015	195,882	185,882	90,298	90,298

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 2014-2015	Percentage of Total Assessed Valuation 2014-2015 <sup>1</sup>
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 240,242,602	34 %
Santa Cruz Seaside Company	Amusement Park	86,482,162	12
Macerich Partnership L P	Commercial Real Estate	68,448,331	10
Watsonville Hospital	Hospital	61,476,390	9
Pacific Bell Telephone Co.	Telephone Utility	47,682,986	7
Cypress Point RE Investors LLC	Real Estate	43,644,821	6
SC Beach Hotel Partners	Hotel Operator	42,714,484	6
Bei-Scott Company, LLC	Property Management	40,330,684	6
PDC - Rancho Del Mar		38,925,725	5
Paradise Park Masonic Club Inc.	Housing Development	38,028,470	5
Totals		<u>\$ 707,976,655</u>	<u>100 %</u>

Taxpayer	Type of Business	Assessed Value 2005-2006	Percentage of Total Assessed Valuation 2005-2006 <sup>2</sup>
Pacific Gas & Electric Company	Gas & Electric Utility	\$ 152,872,223	25 %
Lone Star	Cement Manufacturer	72,687,827	12
SBC California	Telephone Utility	63,852,130	10
NNN Enterprise Way LLC et al	Software Producer	62,556,320	10
Macerich Partnership L P	Commercial Real Estate	60,648,881	10
Watsonville Hospital Corporation	Hospital	56,211,795	9
Santa Cruz Seaside Company	Amusement Park	45,784,277	7
Seagate Technology	Electronic Manufacturer	39,798,084	6
Cypress Point RE Investors LLC	Apartment Complex	34,922,818	6
Paradise Park Masonic Club	Housing Development	27,553,062	5
Totals		<u>\$ 616,887,417</u>	<u>100 %</u>

Note: Principal taxpayer data for fiscal year 2014-2015 is derived from the 2014 tax roll, which was billed and collected during 2015.

Data for fiscal year 2005-2006 is derived from the 2005 tax roll, which was billed and collected during 2006.

<sup>1</sup>Percentage of total assessed valuation for 2014-2015 is calculated from the total net assessed valuation of \$34,123,151,535.

<sup>2</sup>Percentage of total assessed valuation for 2005-2006 is calculated from the total net assessed valuation of \$28,337,983,045.

**COUNTY OF SANTA CRUZ  
PRINCIPAL EMPLOYERS  
CURRENT AND FIVE YEARS AGO**

<b>Employer</b>	<b>Product/Service</b>	<b>Number of Employees 2014-2015 <sup>1</sup></b>	<b>Percentage of Total Employment 2014-2015 <sup>2</sup></b>
University of California at Santa Cruz	Education	1,000-4,999	2.23 %
Pajaro Valley Unified School District	Education	1,000-4,999	2.23
County of Santa Cruz	County Services	1,000-4,999	2.23
Dominican Hospital	Hospital	1,000-4,999	2.23
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.23
CB North	Sports/Recreation Clubs	1,000-4,999	2.23
Dutra Farms	Grocery/Wholesale	1,000-4,999	2.23
Cabrillo College	Education	500-999	0.56
City of Santa Cruz	City Services	500-999	0.56
Watsonville Community Hospital	Hospital	500-999	0.56
West Marine	Retail	500-999	0.56
Plantronics	Telephone Apparatus Mfg.	500-999	0.56

<b>Employer<sup>3</sup></b>	<b>Product/Service<sup>3</sup></b>	<b>Number of Employees 2010-2011 <sup>3</sup></b>	<b>Percentage of Total Employment 2010-2011 <sup>3</sup></b>
University of California at Santa Cruz	Education	1,000-4,999	2.26 %
Dominican Hospital	Hospital	1,000-4,999	2.26
Santa Cruz Beach Boardwalk	Amusement/Recreation	1,000-4,999	2.26
County of Santa Cruz	County Services	1,000-4,999	2.26
Pajaro Valley Unified School District	Education	1,000-4,999	2.26
Cabrillo College	Education	500-999	0.56
City of Santa Cruz	City Services	500-999	0.56
Seagate Technology	Disc Drives	500-999	0.56
Watsonville Hospital	Hospital	500-999	0.56
West Marine	Retail	500-999	0.56
Plantronics	Telephone Apparatus Mfg.	500-999	0.56
Santa Cruz City School District	Education	500-999	0.56

<sup>1</sup> Number of employees reflects a range provided by California Employment Development Department (EDD) data.

<sup>2</sup> Average of the reported range divided by total civilian employment of 134,500 as reported by the EDD for June 2015 Preliminary.

<sup>3</sup> Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2011.

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

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Public Assistance</b>										
Human Services Department										
Adult Protective Services										
Referrals received	660 <sup>2</sup>	630 <sup>1</sup>	603 <sup>1</sup>	626	547	542	585	610	585	664
Investigations completed	536 <sup>2</sup>	444 <sup>1</sup>	420 <sup>1</sup>	386	352	320	416	468	432	370
Family and Children's Services										
Annual referrals (families)	2,770 <sup>2</sup>	2,591 <sup>1</sup>	2,457	3,200	2,870	2,624	3,096	3,093	2,979	3,100
Finalized adoptions	65 <sup>2</sup>	72 <sup>1</sup>	58	51	41	32	42	41	43	41
Licensed foster homes (monthly average)	123 <sup>2</sup>	113 <sup>1</sup>	106	112	105	100	109	124	123	113
Benefit Services										
Average number of Medi-Cal recipients	62,865 <sup>2</sup>	44,600 <sup>1</sup>	37,971	31,624	30,786	28,998	27,487	26,655	25,427	24,135
<b>Public Ways and Facilities</b>										
Public Works										
Roads										
Miles of road maintained	600	600	600	600	600	600	600	600	600	600
Potholes repaired	3994	4130	3,700	4,500	3,552	2,500	2,500	3,500 <sup>3</sup>	5,500 <sup>3</sup>	5,500
Minor culverts maintained	2,262	2,262	2,262	2,262 <sup>4</sup>	1,010	2,000	2,000	2,000	2,200	2,262
Bridges and major culverts maintained	160	160	160	160	160	160	160	160	159	159
Traffic signs replaced/repared	1,238	1,452	1,463	1,516	1,850	1,029	1,400	1,475	2,200	2,425
Miles of street swept	381	1,607	1,800	1,555	1,465	4,000	4,500	5,000	5,000	4,550
Sanitation										
Miles of pipe maintained	244	236	236	230	230	230	222	222	222	222
Maintenance call responses	319	100	138	168	182	238	216	272	501	381
Landfill										
Waste generated (tons)	172,555	166,594	139,529	138,448	139,365	153,873	164,717	183,993	229,877	230,000
Waste disposed (tons)	83,642	79,292	60,974	61,503	71,470	71,701	76,203	77,745	99,423	87,400
<b>Recreation and Cultural Services</b>										
Parks, Open Space and Cultural										
Facility bookings	7,621	7,532	6,877	6,114	5,545	5,942	5,772	6,114	7,389	7,238
Recreation registrations	6,720	6,831	6,218	6,165	6,273	5,518	5,888	4,982	4,898	4,777
Swim admissions	178,289	158,573	130,059 <sup>5</sup>	77,022	76,334	90,771	86,834	82,800	78,126	76,746

Sources: Various County Departments

Note: Indicators are not available for the General Government, Health & Sanitation and Education Functions. Trend information is only available for the last nine fiscal years following the County's implementation of GASB 34.

<sup>1</sup> Prior period reported an estimate which has been restated here to reflect actual data.

<sup>2</sup> Data is estimated as presented in the 2014-2015 Proposed Budget.

<sup>3</sup> Prior periods reported a range which has been averaged here.

<sup>4</sup> Prior period restated here consistent with Capital Assets Statistics by Function.

<sup>5</sup> 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**

Function	Fiscal Year										
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	
<b>Public Protection</b>											
Agricultural Commissioner											
High risk quarantine inspections	1,400 <sup>2</sup>	1,293 <sup>1</sup>	1,569	1,450	1,669	1,900	2,800	2,640	2,894	2,686	
District Attorney											
Criminal Prosecution											
Felony filings	2,467 <sup>2</sup>	2,703 <sup>1</sup>	2,322	2,164	2,169	2,457	2,155	2,128	2,210	2,251	
Juvenile filings	554 <sup>2</sup>	652 <sup>1</sup>	709	799	503	594	731	1,046	813	714	
Consumer Affairs											
Number of calls received	2,180 <sup>2</sup>	2,040 <sup>1</sup>	2,410	2,345	2,410	2,622	2,880	2,960	3,008	3,165	
Number of written complaints received	160 <sup>2</sup>	121 <sup>1</sup>	195	272	302	462	288	440	375	228	
Planning											
Building permits issued	4,016 <sup>2</sup>	3,487 <sup>1</sup>	3,446	2,899	2,787	2,463	2,611	3,162	3,651	3,894	
Building permit inspection sites visited	9,247 <sup>2</sup>	9,081 <sup>1</sup>	8,700	8,601	7,620	7,093	9,353	10,061	11,862	12,157	
Code compliance cases resolved	90 <sup>2</sup>	77 <sup>1</sup>	112	249	228	400	574	1,192	871	907	
Probation											
Juvenile division referrals	n/a <sup>3</sup>	1,074	1,160	1,453	1,613	1,649	2,323	2,378	2,411	2,222	
Juvenile division petitions filed	n/a <sup>3</sup>	430	445	637	851	880	1,166	1,148	1,260	1,216	
Juvenile court investigations	n/a <sup>3</sup>	62	54	96	110	116	178	183	218	249	
Public Defender											
Total cases	10,700 <sup>2</sup>	10,910 <sup>1</sup>	11,268	10,731	10,311	10,805	12,385	12,455	12,642	12,604	
Sheriff/Coroner (Investigation Division)											
Total cases reviewed	n/a <sup>3</sup>	10,425	10,686	10,989	11,660	12,535	12,929	12,617	12,529	13,046	
Total arrests	n/a <sup>3</sup>	216	188	98	269	307	238	254	347	420	
Detention											
Main jail bookings	10,964	10,487	9,658	10,699	12,274	12,716	13,576	12,941	13,479	13,109	
Weights and Measures											
Establishments visited	1,100 <sup>2</sup>	1,237 <sup>1</sup>	1,043	1,027	1,139	1,500	1,742	1,836	2,093	2,175	
<b>Special District</b>											
Mosquito Abatement/Vector Control CSA #53											
Mosquito inspections	3,000 <sup>2</sup>	2,995 <sup>1</sup>	3,342	3,885	4,500	5,515	5,515	4,396	4,462	4,547	

Sources: Various County Departments

Note: Indicators are not available for the General Government, Health & Sanitation and Education Functions. Trend information is only available for the last nine fiscal years following the County's implementation of GASB 34.

<sup>1</sup> Prior period reported an estimate which has been restated here to reflect actual data.

<sup>2</sup> Data is estimated as presented in the 2014-2015 Proposed Budget.

<sup>3</sup> Data is presented on a calendar year basis, which is not yet available.

<sup>4</sup> 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**

<u>DEPARTMENT/FUNCTION</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
COUNTY ADMINISTRATIVE OFFICE	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
CLERK OF THE BOARD (5 added to CAO)	-	-	-	-	-	-	-	-	-	-
AGRICULTURAL COMMISSIONER <sup>1</sup>	20.00	21.00	22.00	22.00	19.75	19.70	19.60	19.40	19.40	20.40
MOSQUITO ABATEMENT/VECTOR CONTROL	4.00	8.00	8.00	9.00	9.00	8.00	8.00	8.00	9.00	9.00
WEIGHTS & MEASURES <sup>1</sup> (2 to AG 04,05)	-	-	-	-	-	-	-	-	-	-
AGRICULTURAL EXTENSION	2.00	2.00	2.00	2.00	1.75	1.00	1.00	1.00	1.00	1.00
ASSESSOR	38.00	38.00	38.00	37.50	35.50	33.50	33.25	33.25	33.25	33.25
AUDITOR-CONTROLLER	29.00	29.50	29.50	29.50	29.00	29.00	29.00	29.00	29.00	30.00
BOARD OF SUPERVISORS	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
RECORDER	13.00	13.00	13.00	11.00	11.00	11.00	11.00	11.00	11.00	9.00
COUNTY CLERK/ELECTIONS	10.00	12.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00
COUNTY COUNSEL	19.50	19.50	19.50	19.00	18.50	18.50	18.50	18.50	18.50	18.50
DISTRICT ATTORNEY	81.50	85.50	91.50	92.50	92.50	90.50	89.50	89.50	89.50	90.50
CHILD SUPPORT SERVICES	68.50	68.50	69.50	66.50	66.50	65.50	62.00	63.00	64.00	61.00
EMERGENCY SERVICES	1.75	1.75	2.00	3.75	2.00	2.00	2.00	2.00	2.00	2.00
COMMUNICATIONS	6.00	-	-	-	-	-	-	-	-	-
FIRE MARSHALL	1.00	1.55	2.30	-	-	-	-	-	-	-
GENERAL SERVICES	11.00	11.00	11.00	9.00	9.00	9.00	8.80	8.80	8.80	8.80
FACILITIES MAINTENANCE	37.00	38.00	47.75	47.00	47.00	44.00	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	3.00	3.00	3.00	3.00	3.00
SERVICE CENTER	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00
HEALTH SERVICES	577.60	647.75	661.05	526.55	486.50	498.25	522.00	508.05	512.40	526.95
HUMAN SERVICES	481.10	511.10	527.60	463.00	445.50	434.50	435.50	441.00	489.50	515.00
SOCIAL SVCS MSSP	-	-	-	-	-	-	-	-	-	-
PUBLIC GUARDIAN <sup>2</sup>	-	-	-	-	-	-	-	-	-	-
CETA/JTPA	-	-	-	-	-	-	-	-	-	-
WORKFORCE INVESTMENT ADMIN	-	-	-	-	-	-	-	-	-	-
VETERANS SERVICES	5.00	5.00	5.00	4.00	4.00	4.00	4.00	3.00	4.00	4.00
IHSS PUBLIC AUTHORITY	-	-	-	-	-	-	-	-	-	-
INFORMATION SERVICES/TELEPHONE	71.25	78.25	78.25	76.25	65.00	65.00	64.00	64.50	64.50	64.50
INFORMATION SERVICES/COMM. TECH.	-	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
PARKS, OPEN SPACE & CULTURAL SERVICES	53.05	53.75	57.00	56.00	47.50	42.10	29.80	34.80	33.80	40.80
PERSONNEL	22.50	23.50	27.50	27.50	25.50	24.50	24.25	24.25	24.50	26.50
RISK MANAGEMENT	9.75	10.75	10.75	10.75	12.00	11.00	11.00	11.00	11.00	11.00
PLANNING	99.25	99.25	100.00	100.00	87.25	75.60	63.25	66.00	66.00	65.25
PROBATION	88.00	90.00	101.00	94.00	81.00	77.00	77.50	93.75	98.25	93.25
JUVENILE HALL	32.00	31.00	31.00	31.00	30.50	30.50	30.50	30.50	30.50	30.50
PUBLIC WORKS	296.00	303.50	300.50	290.00	274.00	272.50	272.50	267.50	267.50	267.50
RDA	13.00	13.00	14.00	14.00	22.00	22.00	1.00	1.00	1.00	0.00
SHERIFF-CORONER	170.50	172.75	177.25	176.25	173.75	170.75	171.00	171.00	170.00	173.00
CORRECTIONS	138.00	144.00	148.00	168.00	165.25	155.00	156.50	164.50	145.00	149.00
COURT SECURITY	23.00	24.00	26.00	26.00	26.00	25.00	24.00	24.00	24.00	24.00
TREASURER-TAX COLLECTOR	15.75	16.25	16.25	16.75	14.75	13.50	13.50	13.50	13.50	13.75
<b>TOTAL</b>	<b>2,486.00</b>	<b>2,627.15</b>	<b>2,705.20</b>	<b>2,496.80</b>	<b>2,370.00</b>	<b>2,318.90</b>	<b>2,292.95</b>	<b>2,311.80</b>	<b>2,350.90</b>	<b>2,398.45</b>

<sup>1</sup> Weights and Measures was incorporated into the Agricultural Commissioner

<sup>2</sup> 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, 2015**

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

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

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Public protection</b>										
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	3	2	2
Morgue	1	1	1	1	1	1	1	1	1	1
Center for Public Safety	1	1	-	-	-	-	-	-	-	-
<b>Public assistance</b>										
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	1	-	-	-	-	-	-	-	-
<b>Recreation and culture</b>										
Parks acreage	228	228	226	225	223	223	223	223	223	223
Sites	60	60	59	59	57	57	57	57	55	56
Athletic fields	17	17	17	17	17	17	17	17	17	17
Swimming pools	4	4	4	4	4	4	4	2	2	2
<b>Public ways and facilities</b>										
<b>Roads</b>										
Pavement (miles)	600	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	2,262	1,010	2,000	2,000	2,000	2,200	2,262
Bridges and major culverts	160	160	160	160	160	160	160	160	159	159
<b>Sanitation</b>										
Pipe (miles)	244	236	236	230	230	230	222	222	222	222
Pump stations/treatment plants	64	63	63	62	62	62	62	62	62	62
<b>General government</b>										
Administrative/other facilities <sup>1</sup>	12	12	11	11	10	10	10	10	10	10

<sup>1</sup> Includes buildings and centers utilized by various departments within different functions.



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**GLOSSARY**  
**(UNAUDITED)**

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**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).