



County of Santa Cruz

COUNTY ADMINISTRATIVE OFFICE

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SUSANA A. MAURIELLO, J.D., COUNTY ADMINISTRATIVE OFFICER

January 25, 2002

AGENDA: January 29, 2002

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

REPORT ON COUNTY BUDGET AND THE UTILITY TAX

Dear Members of the Board:

On November 20, 2001 your Board requested a supplemental report on the County Utility Tax and the County Budget. At that time you requested that the report include discussion of the following:

- 1) the amount of State and Federal pass-through revenues in the County Budget;
- 2) the importance of the utility tax in the County Budget;
- 3) the legal issues concerning the utility tax;
- 4) Santa Cruz County expenditures in comparison to other counties;
- 5) Santa Cruz County's property tax;
- 6) Santa Cruz County's sales tax;
- 7) information on the growth of our County's budget over the years; and
- 8) the alleged \$33 million in surplus and whether or not it exists.

The material which follows addresses each of the preceding.

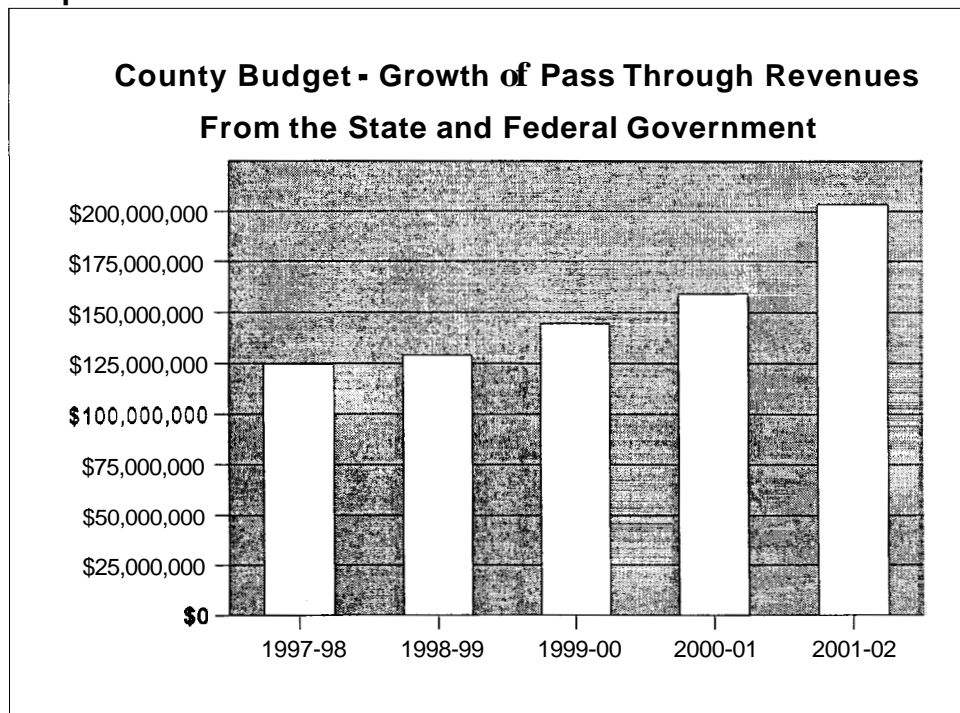
SERVING THE COMMUNITY - WORKING FOR THE FUTURE

1. The Amount of State and Federal Pass-Through Revenue in the County Budget

Over the years the funding of the County Budget has been increasingly dominated by State and Federal Funds. As a result the County has become less and less a local government and more and more an arm of the State of California. What is left of local government is paid for by local taxes.

Graph 1 shows the growth in Federal and State pass through revenues in the last five years.

Graph 1



2. The Importance of the Utility Tax in the County Budget

Comparing local utility tax receipts to total expenditures in the County Budget does not provide a useful representation of the importance of the utility tax because, as illustrated on the previous page, the amount of total expenditures is distorted by the ever increasing amounts of pass through funds from the State and Federal government. These State and Federal funds are restricted use funds and cannot be used for general purposes.

The table below shows total local tax revenues and total utility tax revenues for the County General Fund for the last five years. The table also shows the percentage of total tax revenues for the utility tax. Over the years the utility tax represents approximately 20% of the local tax effort in the County Budget. Local taxes provide the financing for needed local services such as the local pavement enhancement program, extended patrol services and health and social services for seniors and child. The amounts are from the County Budget documents compiled and published by the County Auditor-Controller.

Year	Current Local Tax Revenues	Utility Tax Revenues	Utility Tax % of Local Tax Revenues
1997-98	\$38,426,596	\$9,063,361	23.6%
1998-99	39,693,658	8,349,306	21.0%
1999-00	44,059,535	9,179,830	20.8%
2000-01	47,091,729	9,755,181	20.7%
2001-02	46,779,003	9,752,979	20.8%

3. The Legal Issues Concerning the Utility Tax

Attachment 1 of this letter is a document prepared by County Counsel which provides a history of the County Utility Tax and the status of the current litigation, which was filed in 1998, a full seven years after the tax was adopted by the Board of Supervisors.

Regarding the County's defense of its utility tax, the Board of Supervisors adopted the utility tax in 1991 in accordance with State law and Court decisions then in effect. The tax was not challenged until April of 1998. In the intervening years hundreds of important decisions and commitments were made which cannot be revisited by the decisions makers. For example: the long term agreement between the cities and the County which provided for construction and operation of the new Communications Center was signed and the new 911 Center was constructed and is now being operated; the 96 bed medium security jail facility was authorized, constructed and is now being operated by the Sheriff; and the bonds which financed the Health and Human Services Building were sold.

Given the seven years between the adoption of the utility tax and the challenge, and the many important decisions which were made during that time period, it would have been irresponsible for the County not to defend the challenge to its long standing utility tax. Government managers and decision makers, like their counter parts in the private sector, must have some degree of certainty in order to conduct the public's business in a responsible manner.

4. Santa Cruz County Expenditures in Comparison to Other Counties

The material which follows provides a comparison of per capita expenditures for counties which are similarly situated to Santa Cruz County in terms of roles and responsibilities. In this regard, it is important to remember that California counties have dual roles and responsibilities. First, counties are providers of State mandated county wide programs -- health and welfare programs, adult and juvenile detention facilities -- for example. Second, counties are providers of municipal type services for county residents who reside outside of incorporated cities in what is known as the unincorporated area. The residents of the unincorporated area depend on the County for municipal type services usually provided by city government. Municipal type services include road repair, police protection, parks services, planning services, library services and animal control.

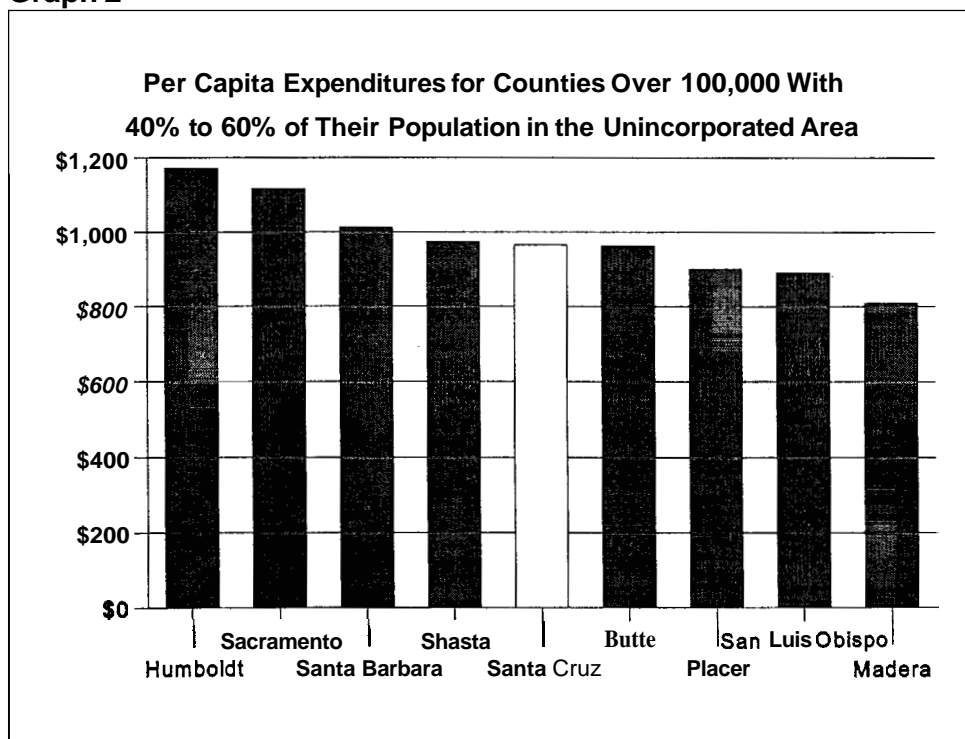
In some counties 90% to 95% of the population will reside in cities and as a result most residents of the county receive their municipal services through cities. Santa Clara County, Orange County and Solano County are example of counties where 90%-95% of the population reside in cities. In other counties, usually small rural counties, 100% of the population resides in the unincorporated area and the residents of the County depend on county government for municipal type services. The proportion of the residents in the unincorporated area is a key measure of a county's responsibilities and a driver of the total expenditures in the County Budget.



According to the California Department of Finance, 19.1% of the State's residents live in the unincorporated areas of counties. In Santa Cruz County **54.4%** of the residents live in the unincorporated area.

Graph 2 compares 1998-99 expenditures for Santa Cruz County with expenditures for other counties over 100,000 in population where between 40% and 60% of the county's population resides in the unincorporated area. 1998-99 is the latest year for which statewide data for counties is currently available.

Graph 2



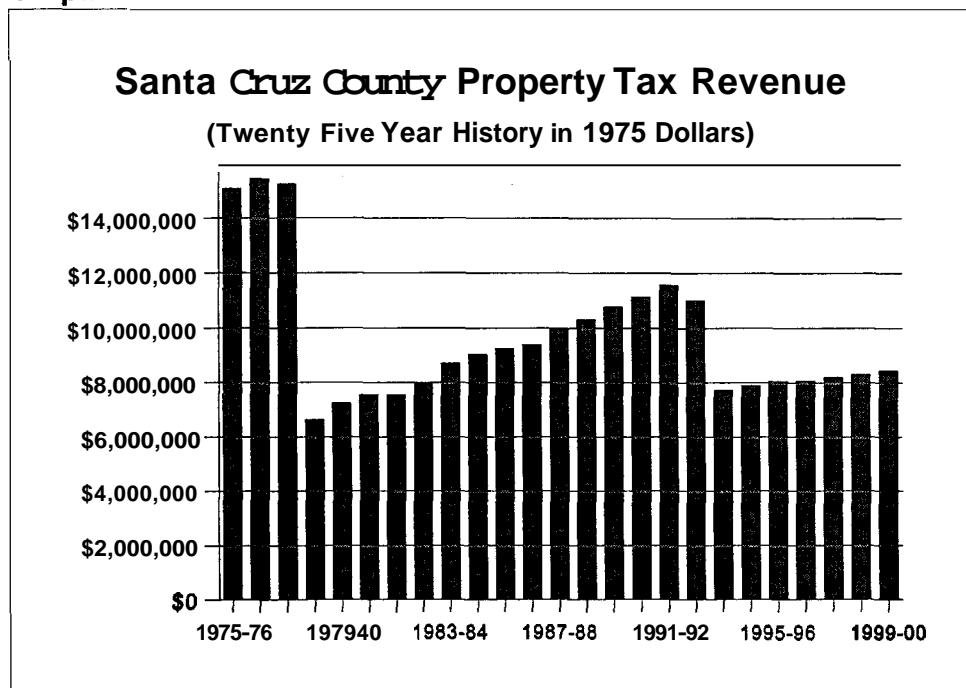
Santa Cruz County compares favorable with counties that are similarly situated in terms of unincorporated area population.

5. The Amount of Property Tax Received by Santa Cruz County

■ Twenty Five Year Perspective

Graph 3 provides a twenty five year history and perspective on Property Tax receipts for the Santa Cruz County General Fund. The property tax receipts shown in the graph are inflation adjusted amounts and demonstrate the actual purchasing power of the County's share of the property tax in 1975 dollars. The graph illustrates the effect of Proposition 13, which shifted control of the property tax to the State of California, and the effect of Governor Wilson's infamous property tax shifts of 1992-93 and 1993-94, which reduced County Governments share of the local property tax from 24% to 14%.

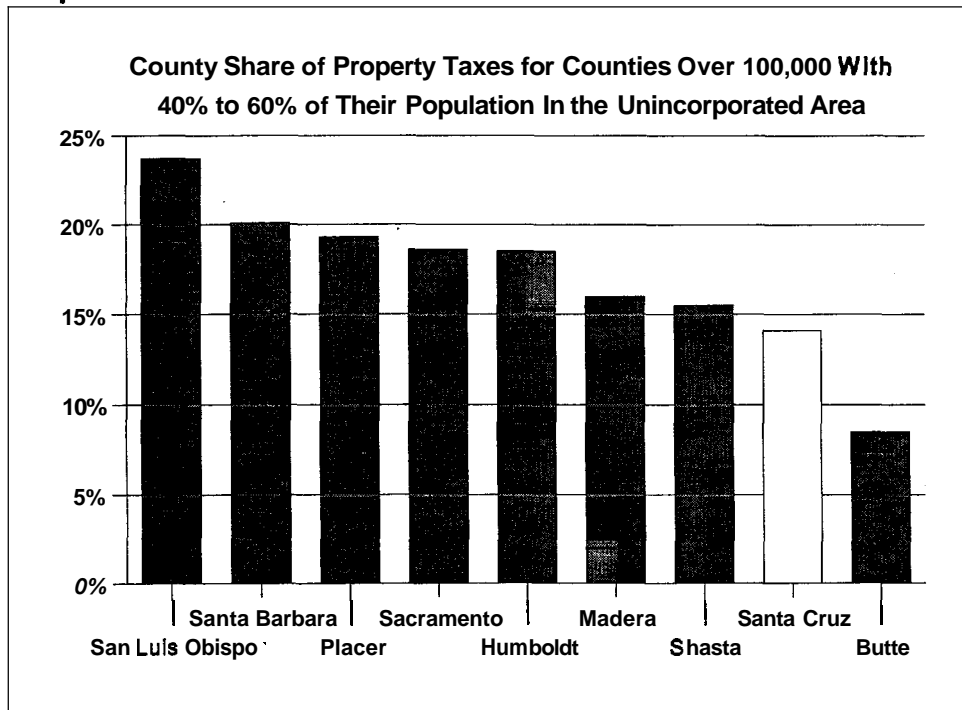
Graph 3



■ **County Share of Property Tax Compared to Other Counties**

The amount of local property taxes retained by the County for general purposes varies from County to County. Graph 4 compares the percent of the local property tax retained by the County General Fund for Santa Cruz County and the eight comparable counties in Graph 2, i.e., the counties with population over 100,000 with 40% to 60% of their population residing in the unincorporated area. Santa Cruz County's 14% share is one of the lowest of the comparable counties.

Graph 4



Santa Cruz County is significantly disadvantaged by its low share of the local property tax. The average percent of the property tax retained for general purposes is 18.5% for all counties.

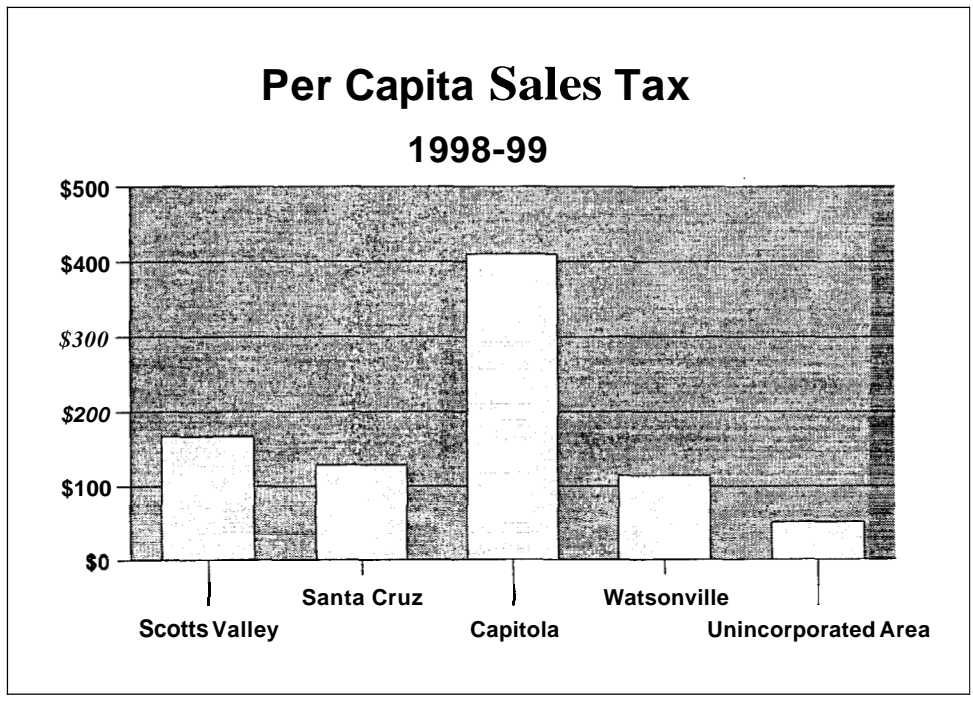
The 2001-02 dollar difference in Santa Cruz County between retaining the average share of 18.5% and the Santa Cruz County's 14% share is \$10,500,000.

7. The County Share of the Local Sales Tax

One percent of the eight percent sales tax collected by the State of California is returned to local government for general purposes. The amount is distributed between the cities and the county on what is known as a "point of sale" basis. This means that taxable sales which occur in the City of Capitola accrue to the benefit of the City of Capitola. The County does not receive a percentage of the sales tax collected within any of the cities.

Graph 5 shows the actual per capita distribution of the local sales tax between the local cities and the County for 1998-99 which is the last full year for which we have complete data. We were not able to locate sales tax revenue for the unincorporated area of other counties.

Graph 5



The distribution in the preceding graph reflects the fact that most of the taxable sales in Santa Cruz County occur within the cities while most of the population lives in the unincorporated area.

7. Growth in the County Budget

Attachment 2 of this letter is a document which was prepared by the County Administrative Office two years ago. The document provides a short tour and twenty five year perspective on the County Budget and is a useful tool in understanding the forces which have changed and shaped the County Budget over the last twenty five years.

8. The Alleged \$33 million Surplus in the County Budget and Whether or Not it Exists.

The proponents of the repeal of the Utility Tax have asserted that there is a \$33 million surplus in the County General Fund Budget. This is simply wrong. There is no unbudgeted \$33 million surplus in the County General Fund Budget and there never has been.

One of the financing elements of the County Budget is fund balance. As a financing element fund balance provides funding for expenditures in the current budget. Without the funding provided by fund balance an equal amount of appropriations would need to be removed from the current County Budget. Fund balance is not an unbudgeted surplus.

Attachment 3 of this letter is a copy of the Auditor Controller's Financial Update on the 2001-02 County Budget. Nothing in the Auditor Controller's Financial Update supports the assertion that an unbudgeted \$33 million surplus exists in the County Budget.

Attachment 4 of this letter is a copy of the Fiscal Impact Statement prepared by the County Auditor-Controller which states "the County does not maintain any unbudgeted surplus."

Conclusion

In conclusion, the material in this letter and the attachments represent the supplemental report on the repeal of the County Utility Tax and the County Budget which your Board previously requested. Nothing in this supplemental report changes the conclusion that repeal of the utility tax requires a \$11.7 million reduction in funds from the 2002-03 County Budget and that it is not possible to remove \$11.7 million in local taxes from the County Budget without having a serious effect on the discretionary spending in the County Budget and many of the important programs and services now available to County residents.

As we stated in our November 20, 2001 report:

- ✓ Because State law requires that the County balance its budget, there is an inescapable relationship between the services which county government provides and the revenues it receives.
- ✓ The repeal of the County Utility Tax will cause a permanent ongoing loss of \$9,752,000 and a one time loss of \$2,000,000 in County General Purpose Revenue for a total loss of \$11,752,000 in available financing for next year's budget.
- ✓ The loss of General Purpose Revenue requires an equal and offsetting reduction in the Net Cost of County Government.

- ✓ Repeal of the County Utility Tax will have a far reaching effect on both county wide programs and programs provided to residents of the incorporated area. Deep cuts would be required in:
 - ▶ health and social services programs for children, the elderly, the poor and disabled provided by County Departments and community based private non-profit providers;
 - ▶ the enhanced pavement management program operated by the Department of Public Works;
 - ▶ public health programs for infants and children, mental health services for adults and children and indigent medical care services for the working poor;
 - ▶ public safety services including police protection in the unincorporated area, criminal prosecution and probation services provided on a county wide basis;
 - ▶ parks and recreation services provided for adults and children in the unincorporated area;
 - ▶ environmental health and environmental protection services;
 - ▶ emergency services; and
 - ▶ the business and legislative functions of County Government.

- ✓ Repeal of the Utility Tax would also require increases in existing fees and implementation of new fees, including:
 - ▶ a fee for 911 services in the unincorporated area of approximately \$3.00 per month per phone line;
 - ▶ increased fees for parks and recreation programs offered in the unincorporated area for children and adults; and
 - ▶ increased fees for a broad range of planning and environmental health services.

- ✓ The reductions will have an effect, directly and indirectly, on financing and construction of infrastructure of all types, including, but not limited to, transportation, parks, and open space and the ability of the county to meet the housing needs of the community.

Recommendation

It is recommended that your Board accept and file this supplemental report on the matter of the County Budget and the repeal of the County Utility Tax.

Very truly yours,



Susan A. Mauriello
County Administrative Officer

Attachments

cc: Each County Department Head
Each Judge
Each City
Each Bargaining Unit
Each Affected Provider

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Attachment ■

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STATUS OF COUNTY OF SANTA CRUZ UTILITY TAX

History of the County Utility Tax

In 1990, the State Legislature passed **SB 2557** giving the same authority to counties to levy utility taxes as cities have had for many years. This new tax authority was adopted to provide counties with the ability to raise additional revenues to offset substantial costs transferred from the State for such programs as the medically indigent program. The County of Santa Cruz exercised this new authority by adopting its utility tax effective March 1, 1991. Whereas, Proposition 62 approved by the voters in 1986 stated that new general taxes are subject to voter approval, the County adopted the utility tax without voter approval based on then existing case law which had held that the voter approval provisions of Proposition 62 were unconstitutional. In the case of *City of Westminster v. County of Orange* (1988) 204 Cal.App.3d 623, the Court concluded that one of the voter approval provisions of Proposition 62 was in conflict with the provisions of Article 2, Section 9 of the California Constitution which expressly states that tax levies are not subject to referendum. On September 4, 1990, another Court of Appeal in the case of *Rider v. County of San Diego* (1990) 223 Cal.App.3d 415 held that the provisions of Proposition 62 requiring voter approval for a special tax was also an unconstitutional referendum on local taxing power in violation of Article 2, Section 9 of the California Constitution.¹ Accordingly, the Board's adoption of the utility tax in January of 1991 without voter approval was in accordance with the Court decisions then in effect.

Legal Developments After The Adoption Of The County Utility Tax

On May 29, 1991, another Court of Appeal in *City of Woodland v. Logan* (1991) 230 Cal.App.3d 1058 specifically ruled that the voter approval provisions of Proposition 62 were unconstitutional and unenforceable as to a city utility tax. The California Supreme Court did not accept a petition for review of this decision. Accordingly, public agencies continued to believe in good faith that utility taxes were not required to be submitted for voter approval. In the 1992-1993 fiscal year, the State resolved a budget crisis at the State level by taking 35 percent of local property tax revenues from the County and other local agencies to pay for the State's obligation to finance public schools. In the 1993-1994 fiscal year, the State further diverted local property tax revenues to pay for State financial obligations and made this transfer permanent for each future fiscal year. These reductions of County property tax revenues made the County even more dependent on the revenues from the utility tax. Then on September 28, 1995, the California Supreme Court in the case of *Santa Clara County Local Transportation Authority v. Guardino* (1995) 11 Cal.4th 220 held that the voter approval requirements of Proposition 62 for the adoption for new taxes was indeed constitutional. However, the Court declined to address a number of questions raised in the action as to whether its ruling would be given a retroactive effect as to those utility taxes and other taxes adopted by public agencies in good faith reliance on the previous law or whether there was a statute of limitations which restricted legal challenges to such previously adopted taxes. In November of 1996, the voters of the State of California

¹ This case was subsequently reversed on other grounds in December of 1991 by *Rider v. County of Santa Diego* (1991) 1 Cal.4th 1.

approved Proposition 218 which amended the California Constitution to require prior voter approval for any new tax adopted by cities and counties, and also required voter approval for any existing taxes of cities and counties which had been adopted on or after January 1, 1995. In the case of *McBrearty v. City of Brawley* (1997) 59 Cal.App.4th 1441, the Court of Appeal ruled that the *Guardino* decision was to be applied retroactively and that the three years statute of limitations for actions based on an ordinance began to run in 1995 when the *Guardino* decision was issued. In April 1998, the lawsuit of *Griffith v. County of Santa Cruz* was filed in Santa Cruz Superior Court challenging the utility tax of the County of Santa Cruz, as well as the utility taxes of the Cities of Watsonville, Scotts Valley and Santa Cruz, on the basis of the voter approval provisions of Proposition 62.

The Santa Cruz Superior Court on October 21, 1998 ruled in the *Griffith v. County of Santa Cruz, City of Santa Cruz, et al.* case that:

1. The statutory voter approval provisions of Proposition 62 do not apply to the constitutional authority of charter cities, such as the cities of Santa Cruz and Watsonville, to adopt general taxes.
2. The constitutional provisions adopted by Proposition 218 established a uniform rule for both charter and non-charter cities and counties that only general taxes adopted, increased, or extended on or after January 1, 1995 are required to be submitted for voter approval; and that these constitutional provisions superceded the statutory provisions of Proposition 62 which required voter approval of general taxes adopted prior to January 1, 1995.

The Plaintiffs appealed the trial court decision to the California Court of Appeal; and on June 15, 2000 the California Court of Appeals held that Plaintiffs' challenge of the taxes of the County and the cities was barred by the statute of limitations because the lawsuit was not filed within three years of the adoption of those taxes. The Court of Appeal did not make a decision as to whether Proposition 218 superceded the voter approval provisions of Proposition 62, whether Proposition 62 had any application to charter cities, whether the Plaintiffs unreasonably delayed challenging the utility taxes to the prejudice of the County and cities, or whether the *Guardino* decision should be applied retroactively to taxes adopted by the County and the cities in good faith on the basis of the case law previously in existence.

Plaintiffs then filed a Petition for Review with the California Supreme Court which accepted the case for review. On June 4, 2001, the California Supreme Court issued a decision in *Howard Jarvis Taxpayers' Association v. City of La Habra* which concluded that the three year statute of limitations for challenging a utility tax ordinance did not commence to run upon the adoption of the tax nor from the date of the decision in the *Guardino* case, but that it instead commenced anew upon each tax payment. The Court expressly did not rule on any other issues.

² This decision appeared to be in conflict with several previous opinions of the California Supreme Court concluding that a change in the interpretation of a law does not renew the statute of limitations for a lawsuit.

such as the charter city issue, the Proposition 218 issue, the unreasonable delay issue, or the retroactive application issue.’ On October 10,2001, the California Supreme Court transferred the *Griffith v. County of Santa Cruz, et al.* case back to the Sixth District Court of Appeal for reconsideration. On December 5,2001, the California Court of Appeal ruled that Proposition 218 did not supercede the voter requirements of Proposition 62 with regard to the utility taxes of the County of Santa Cruz and the City of Scotts Valley. However, the Court did not rule on the validity of the utility taxes of the County of Santa Cruz and the City of Scotts Valley, but instead remanded the case back to the trial court for further trial on the two remaining issues which the trial court did not previously decide; i.e. whether the Plaintiffs unreasonably delayed challenging the utility taxes to the prejudice of the County and cities, or whether the *Guardino* decision should be applied retroactively to taxes adopted by the County and the cities in good faith on the basis of the case law previously in existence. The Court of Appeal also ruled that the charter cities of Santa Cruz and Watsonville were not subject to the voter requirements of Proposition 62.

On January 14,2002, the County of Santa Cruz filed a petition with the California Supreme Court requesting it to review the Court of Appeal ruling on the Proposition 218 issue, and on January 15, 2002, Plaintiffs filed a petition with the California Supreme Court requesting it to review the Court of Appeal ruling on the charter city issue.

Initiative Regarding The County’s Utility Tax

An initiative measure has been submitted to the County and has qualified for placement on the March 2002 ballot for a decision by the voters whether the utility tax should be repealed or retained in effect. The initiative measure was submitted pursuant to the provisions of Proposition 218 which authorizes initiative measures to reduce or repeal a tax based on petition signatures equal to 5 percent of the voters who voted within the County in the last election for State governor.⁴

³ The court stated:

“[O]ur decision here does not resolve the substantive merits of plaintiff’s claims, much less the merits of similar potential claims against other municipalities; we resolve only the statute of limitations issue upon which the review was sought. On that issue, moreover, we hold only that, where the three-year statute of limitations period for actions on a liability created by statute (Code Civ. Proc. section 338, subd. (a)) applies, and no other statute or constitutional rule provides differently, the validity of a tax measure may be challenged within the statutory period after any collection of the tax, regardless of whether more than three years have passed since the tax measure was adopted.”

⁴ The number of signatures generally required for initiative petitions to qualify for the ballot is 10 percent of the votes cast within the County at the last election for governor.

The County Budget

Introduction

This document provides a short tour and twenty-five-year perspective on the County Budget. We begin our tour by examining the dual, and sometimes conflicting roles of County Government.

We then proceed into the County Budget by:

1. Considering the three forces which drive the expenditures in the County Budget -- population, inflation and changes in state law.
2. Examining how the County Budget has changed over the course of the last twenty five years.

Among other things, we will see that over the years the funding of the County Budget has become increasingly dominated by State and Federal funds. As a result of the increased importance of State and Federal funds in the County Budget, the County has become less and less a local government and more and more an arm of the State of California.

We then examine the local Property Tax by considering the following.

- Who gets the property tax.
- How the Property Tax is distributed in Santa Cruz and other counties.
- How Santa Cruz County use its 14¢ share of the local property tax.

We conclude our examination of the Property Tax with a graph which provides a twenty-five year history of property tax receipts in Santa Cruz. This history illustrates the effect of Proposition 13, the State property tax transfers and inflation on local funding resources.

I. What are Counties?

Counties are political subdivisions of the State of California. State Law provides Counties with two important sets of responsibilities:

✓ Administration of State Programs

Counties are responsible for the administration of county wide programs on behalf of the State, such as:

- the property tax system
- State and Federal Health and Welfare Programs
- the Courts including the prosecution, defense and adult and juvenile probation
- Adult and Juvenile Detention Facilities
- Agricultural Inspection and Weights and Measures

✓ Unincorporated Area Services

Counties are also responsible for the provision of certain municipal services to the residents of the unincorporated area.

- Police Protection
- Libraries
- Parks
- Planning
- Animal Control

II. What causes expenditures in the County Budget to increase?

There are three primary reasons why expenditures in the County Budget increase.

They are:

- ✓ Population
- ✓ Inflation
- ✓ Changes in State Law

Graphs 1 and 2 which follow show:

- the change in population in Santa Cruz County for the period 1975 through 1999; and
- the effect of inflation on the value of \$1.00 during this same period of time.

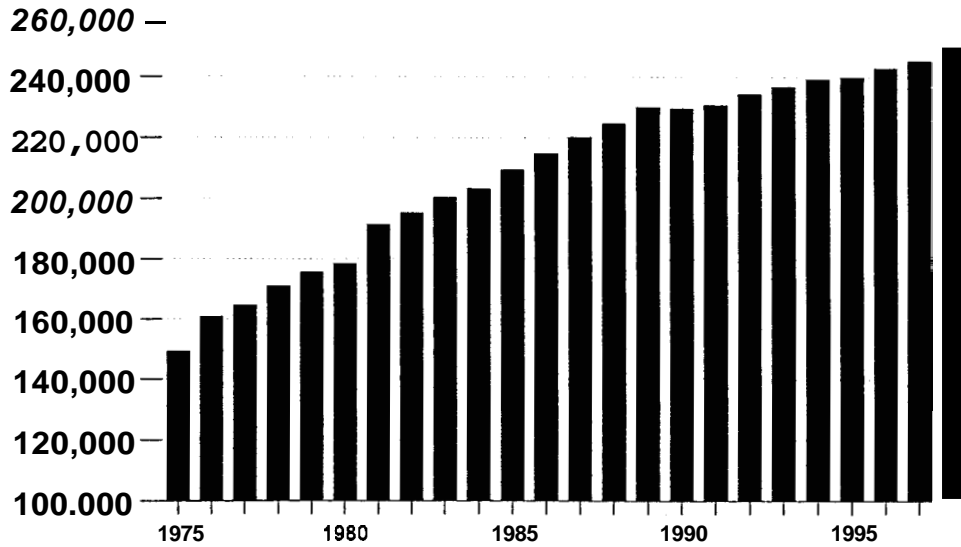
Table 1 summarizes some of the major changes in State Law which have occurred over this same period of time.

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Population and the County Budget

Santa Cruz County Population

1975 through 1998



- ➔ Population influences the size of the County Budget because of its effect on:
 - caseloads,
 - court filings;
 - bookings at County detention facilities; and
 - the need for municipal services such as parks, libraries and police protection.

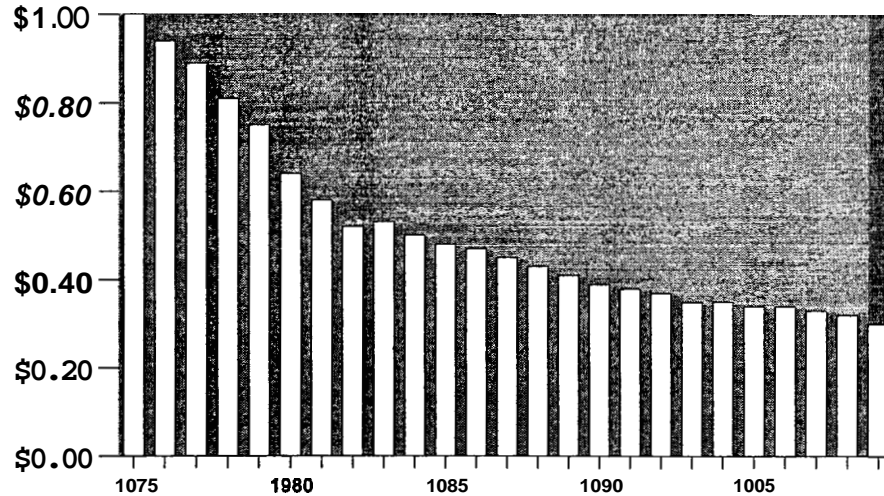
- ➔ For the period 1975 through 1998 the County's population increased by 101,000 residents. This represents a 68% increase.

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Inflation and the County Budget

Effect of Inflation on the Value of \$1

1975 through 1999



➔ Inflation influences the size of the County Budget because as the value of the dollar decreases it takes more dollars to buy the same level of service.

➔ For the period 1975 through 1999 inflation reduced the value of \$1.00 to approximately 30¢.

Changes in State Law

The third major factor in determining the size of the County Budget is changes in State Law. The table below summarizes major changes in State Law which have occurred since 1975:

- ✓ Proposition 13 - the Property Tax Initiative
- ✓ State Distribution of the Property Tax following the passage of Proposition 13
- ✓ The State Trial Court Funding Act
- ✓ Realignment of the responsibility for Medical Care, Mental Health and Social Services Programs. This involved the transfer of responsibility for a broad range of programs from the State to the County.
- ✓ The State Property Tax Shifts of 1992-93 and 1993-94
- ✓ Proposition 172 - the ½ sales tax for Public Safety which accompanied the 1993-94 Property Tax Shift
- ✓ Proposition 218 - This proposition eliminated certain service charges, most notable in Santa Cruz County was the service charge which financed the development and operation of our local parks, and imposed a vote approval requirement on increases in most property based fees and assessments.

III. The County Budget Yesterday and Today

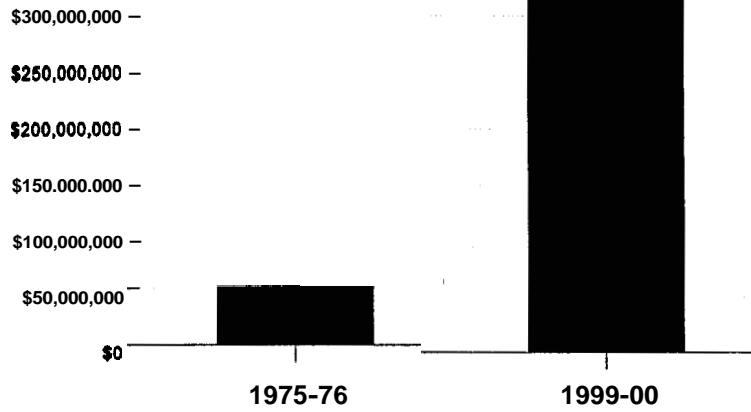
The material which follows provides a graphic comparison of the County Budget in 1975-76, before Proposition 13, with the County Budget in 1999-00.

- ✓ The first series of graphs compares the 1975-76 and the 1999-00 County Budgets in terms of
 - total dollars,
 - total dollars per resident; and
 - total dollars per resident adjusted for inflation.

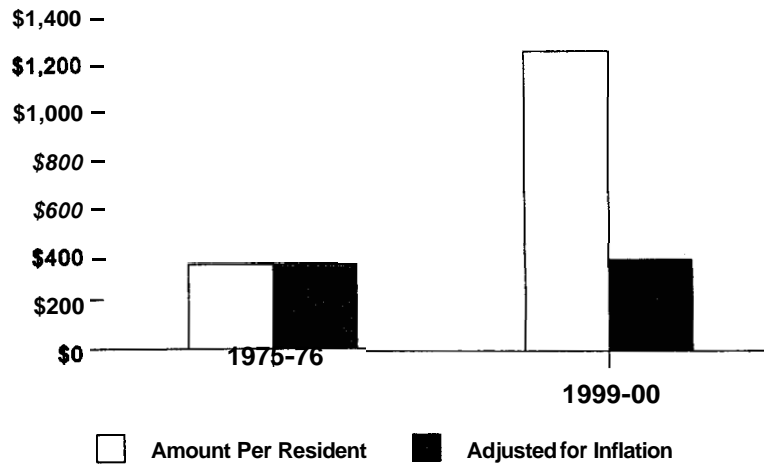
- ✓ The next Graph compares the Pre-Proposition 13 property taxes collected in 1975-76 with the property taxes collected in 1994-95. The comparison is presented in terms of total dollars per resident and total dollars per resident adjusted for inflation.

- ✓ The next series of graphs examines the change in funding sources for the County Budget which has occurred between 1975-76 and 1999-00.

Total County Budget - 1975-76 and 1999-00 All Sources



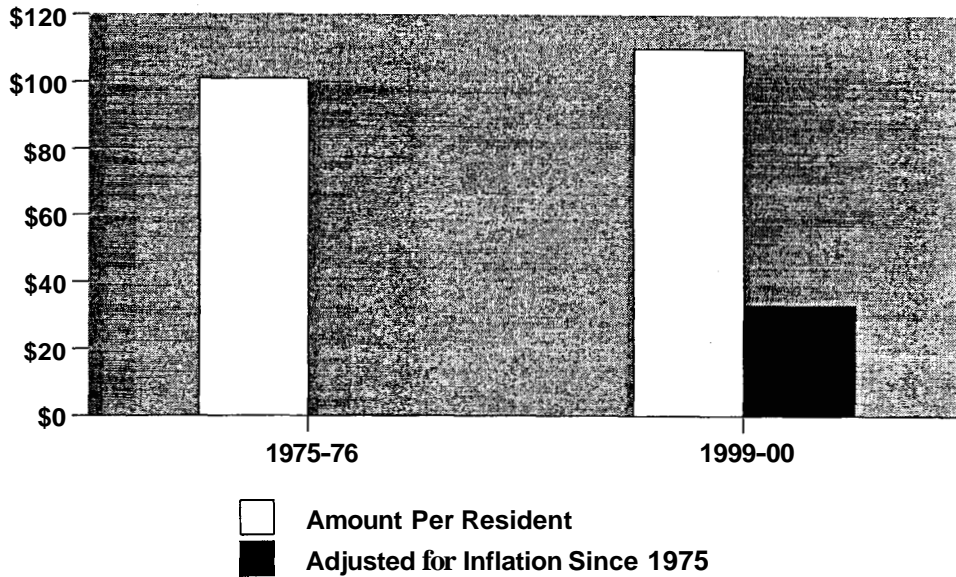
Total County Budget - 1975-76 and 1999-00 Amount Per Resident Adjusted for Inflation



✓ After adjusting for the change in population and the effect of inflation, the purchasing power of the dollars in the County Budget are about the same in 1999-00 as they were in 1975-76.

Total Property Taxes - 1975-76 and 1999-00

Amount Per Resident Adjusted for Inflation

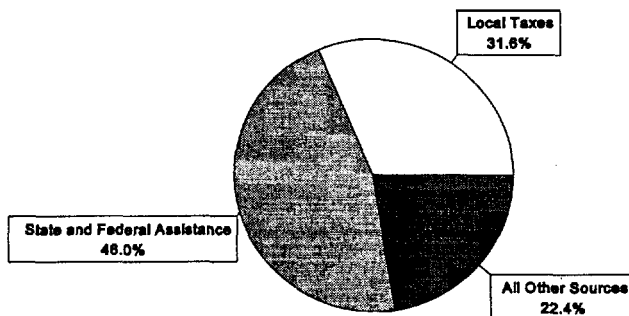


The role of the property tax in the financing of County Government has been greatly diminished since 1975-76. This is the result of:

- ✓ the reduction in the property tax which occurred when Proposition 13 passed; and
- ✓ the State controls the distribution of the local property tax dollar and the State has used that control for its purposes.

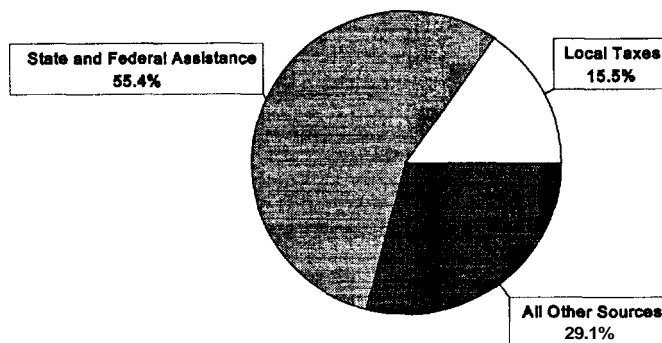
1975-76 County Budget

By Funding Source



1999-00 County Budget

By Funding Source



- ✓ The preceding graphs show the shift in the funding **mix** for the County Budget which has occurred since 1975-76. The shift is toward greater reliance on the State and Federal Government and less reliance on local taxes.
- ✓ This change in funding mix reflects the fact that the County's primary role is increasingly one of administering programs on behalf of the State and Federal Government and less and less that of a local government.

IV. The Property Tax

This section provides a twenty five year history of Santa Cruz County's Property Tax Revenue and addresses the following questions.

- ✓ Who gets the property tax?

- ✓ **How is** the property tax distributed in Santa Cruz County?

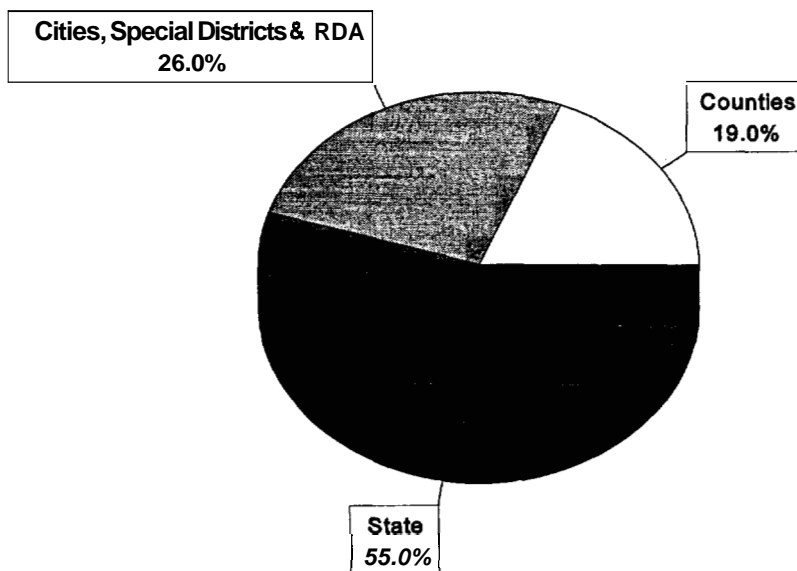
- ✓ How does the County use its **14 Cent** share of the Property **Tax**?

➔ Who gets the property tax?

The property tax is shared between the County, cities, special districts and the State based on sharing formulas established by State law.

- ✓ The sharing formulas, which are established by State law, vary on a County by County basis. Periodically the State changes the formula to increase its share.
- ✓ The County with the highest share is San Francisco - 63% of each local property tax dollar. The County with the lowest share is Orange which retains 6% of each local property tax dollar. The graph below shows the state wide average for the distribution of the property tax dollar.

Distribution of the Property Tax
Average for All Counties

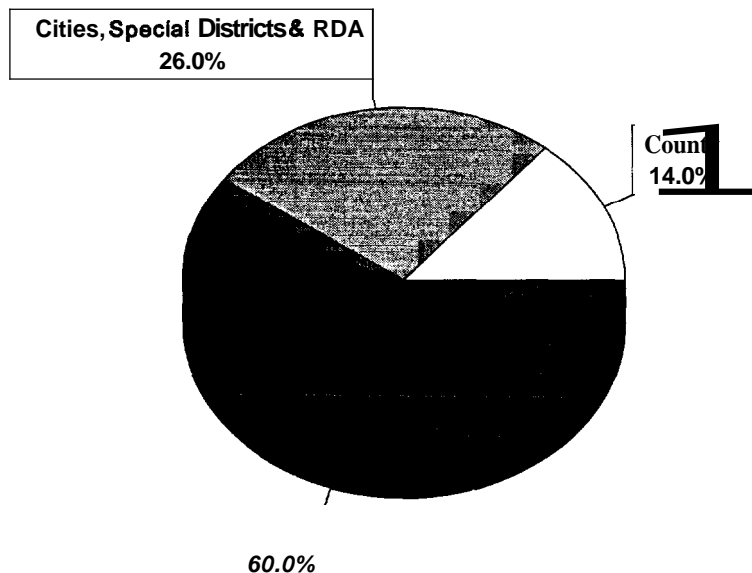


➔ How is the property tax distributed in Santa Cruz County?

- ✓ The graph below shows the current distribution of the local property tax dollar between:
 - the County General Fund,
 - cities, special districts and redevelopment agencies; and
 - the State.

- ✓ Santa Cruz County's share of the local property tax is 5% less than the average *for* all counties. If Santa Cruz County received the average, an additional \$10 million would be available for local services each year.

**Distribution of the Property Tax
Santa Cruz County**

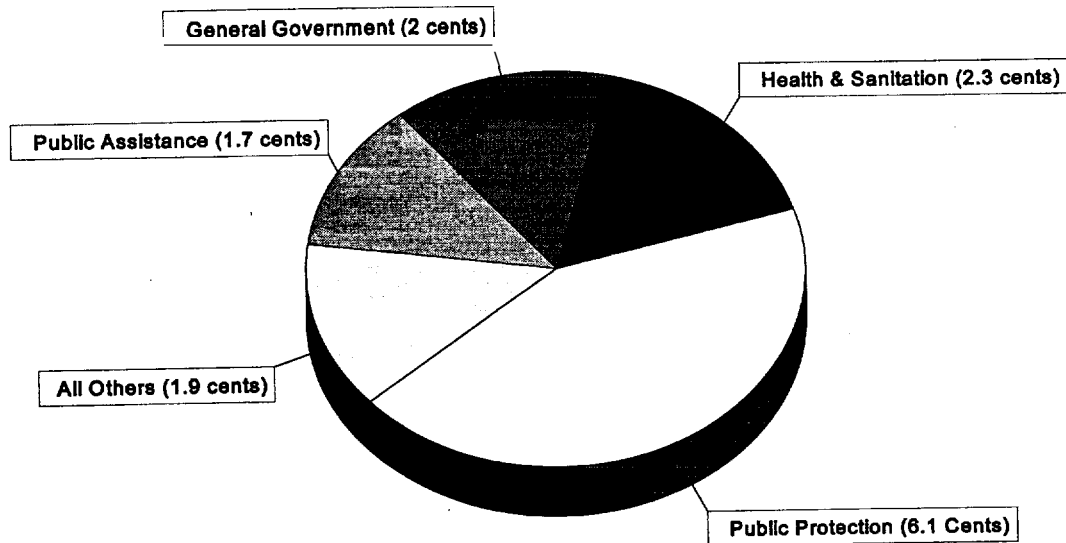


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➔ How does the County spend its 14 Cent share of the Property Tax?

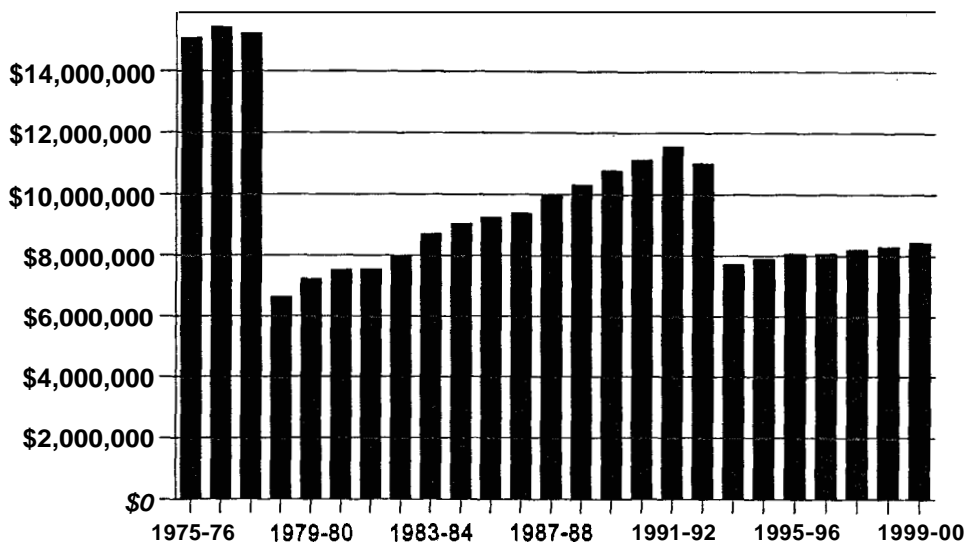
- ✓ The Graph below shows how the County spends its 14 Cent share of the local property tax.
- ✓ The distribution is based on a proportional distribution of County Cost among functional areas of County Government established by the State Controller.

The County's 14 Cents



➔ Property Tax Revenue Received by the County in 1975 dollars.

Santa Cruz County Property Tax Revenue (Twenty Five Year History in 1975 Dollars)



✓ The preceding chart illustrates the effect which inflation, Proposition 13 and the State Property Tax Transfers of 1992-93 and 1993-94¹ had on the real property tax income of the County of Santa Cruz.

¹ In 1992-93 and 1993-94 as a result of a recession the State of California had a significant deficit in its budget. It eliminated that deficit by taking billions of local property taxes into the State General Fund through what is known as a property tax transfer.



County of Santa Cruz

GARY A. KNUTSON, AUDITOR-CONTROLLER

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January 23, 2002

Agenda: January 29, 2002

To: Board of Supervisors

From: Auditor-Controller's Office

Subject: Financial Update for through November and Salaries and Benefits through December

We have completed a review of expenditures and revenues and certain workload data for the above periods.

EXPENDITURE TRENDS:

- Overall, departmental expenditures are comparable to the prior fiscal quarter.
- Ending the fiscal year with a carry-over Fund Balance is good fiscal policy. It will be made up of savings in general contingencies and derived in part from salary savings from the fiscal year. Presently, our records show that the General Fund has about **279** vacant full-time equivalent positions. More than 186 of these positions are funded by external financial resources. This means that unless the related expenditures are incurred for the salaries and related benefits, the revenues are not realized. The following departments are experiencing a higher utilization of overtime due to their vacancies and when projected out for the full year these costs will impact salary savings:
 - o Health Services Agency
 - o Juvenile Hall
 - o Sheriff
 - o Detention

H.S.A. is having part time employees work straight time overtime. Juvenile Hall is utilizing overtime to bridge a supervisory vacancy. The Sheriff has 21 vacant positions, 14 deputy trainees are working with regular deputy sheriffs, and 11 officers on worker's compensation or light duty assignments. The Detention Bureau has 22 vacant positions, not including 4 detention officers on worker's compensation leave or assigned to light duty.
- **The** following departments are experiencing a higher use of extra-help:
 - o H.S.A. has **91.45** vacant positions and **is** using a greater number of extra help employees;
 - o The District Attorney's Office has **9** vacant positions and is using more extra help at this stage of the fiscal year.

REVENUE TRENDS:

- Overall the departmental revenues are comparable to the prior year.
- General Purpose Revenues are **\$3 13,000** above budget estimates excluding the Utility Taxes. This is largely due to Motor Vehicle in Lieu Taxes exceeding expectations by **\$380,375**. The Utility Tax revenue in excess of the inflation value has been addressed by your Board of Supervisors' temporary

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rate reduction. Transient Occupancy Taxes remain lower than last year, and Sales Taxes and Interest Earnings are lower than expected even though these amounts were reduced in the final budget.

- An analysis of the year-end revenue accruals shows that the actual revenues exceeded estimates by \$1.3 million. These funds should be maintained to offset any revenue shortfalls due to a further slowdown in the economy and to provide for a carry-over fund balance as discussed later.

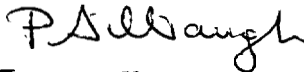
FUND BALANCE

This budget makes use of a significant carry forward fund balance from the previous fiscal year. Fund Balance accounted for approximately \$28 million of the available financing resources for the budget without the increases and decreases to designated amounts. Of this sum, \$250,000 was budgeted for deferred maintenance, \$1.8 million was budgeted for carry-over encumbrances, \$3.1 million was budgeted for technology projects, \$7.5 million for plant, and \$6.3 million was set aside for general contingencies. These items represent one-time uses of the carry-over fund balance. The remainder of \$11 million is budgeted to offset on-going budget commitments. It is very important from a budgeting perspective that we have sufficient salary savings and unanticipated revenues at the end of the fiscal year. If we fail to achieve those savings, it means budget reductions in programs or reserves will need to be made unless the economy improves and new revenues are identified. The use of reserves to solve on-going structural problems only delays the required actions. As a result of the gains and losses to date, it appears that additional revenue gains or salary savings of about \$5.8 million will be needed during the remainder of the fiscal year to avoid drawing down reserves.

Attached, you will find various trend charts and workload data.

It is recommended that your Board of Supervisors accept and file this report.

Sincerely,



by Gary A. Knutson
Auditor-Controller

Recommended by:



Susan A. Mauriello
County Administrative Officer

Cc: Each Department Head

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**AUDITOR-CONTROLLER'S
GENERAL FUND
FINANCIAL UPDATE**

JULY 1- NOVEMBER 30, 2001

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BUDGETARY CHANGES TO DATE - GENERAL FUND

JULY 1 THROUGH NOVEMBER 30, 2001

DESCRIPTIONS	FINAL BUDGET	MIDYEAR CHANGES	AMENDED FINAL BUDGET
SALARIES AND EMPLOYEE BENEFITS	\$ 148,615,162	\$ 132,183	\$ 148,747,345
SERVICES AND SUPPLIES	94,253,331	1,059,989	95,313,320
OTHER CHARGES	71,943,922	526,811	72,470,733
FIXED ASSETS	3,102,222	455,304	3,557,526
OTHER FINANCING USES	22,248,197	80,000	22,328,197
INTRAFUND TRANSFERS	(22,190,902)	0	(22,190,902)
APPROPRIATIONS FOR CONTINGENCIES	10,351,242	(270,863)	10,080,379
	<u>\$ 328,323,174</u>	<u>\$ 1,983,424</u>	<u>\$ 330,306,598</u>

DESCRIPTION	FINAL BUDGET	MIDYEAR CHANGES	AMENDED FINAL BUDGET
TAXES	\$ 49,359,003	\$ 0	\$ 49,359,003
LICENSES, PERMITS AND FRANCHISES	7,490,589	3,596	7,494,185
FINES, FORFEITURES AND ASSESSMENTS	4,779,829	16,404	4,796,233
REVENUE FROM USE OF MONEY AND PROPERTY	3,654,500	0	3,654,500
INTERGOVERNMENTAL REVENUES	165,869,379	1,863,094	167,732,473
CHARGES FOR SERVICES	36,742,227	0	36,742,227
MISC. REVENUES	3,900,953	100,330	4,001,284
OTHER FINANCING SOURCES	26,611,773	0	26,611,773
OTHER GOVERNMENTAL UNIT REVENUES	340,544	0	340,544
FUNDBALANCE	38,756,645	0	38,756,645
PROVISION FOR RESERVE	(9,182,268)	0	(9,182,268)
TOTAL	<u>\$ 328,323,174</u>	<u>\$ 1,983,424</u>	<u>\$ 330,306,598</u>

BUDGET TO EXPENDITURE COMPARISON

JULY 1 THROUGH NOVEMBER 30, 2001

DESCRIPTION OF DEPARTMENT	CURRENT APPROPRIATIONS	EXPENDED TO DATE	% OF CURR EXP	% OF PYR EXP	% of CHANGE (Over)/ Under PYR
AGRICULTURAL COMMISSIONER aWTS a MEAS	\$ 1,714,763	\$ 615,584	35.90	35.33	(0.57)
AGRICULTURAL EXTENSION SERVICES	215,709	56,815	26.34	29.36	3.02
ASSESSOR	2,880,117	1,056,615	36.69	30.49	(6.20)
AUDITOR CONTROLLER	2,734,472	723,539	26.46	22.10	(4.36)
CERTS DEBT SERVICE	5,287,260	3,464,345	65.52	57.15	(8.37)
APPROPRIATION-RESERVE-GENERAL	7,068,713	18,696	0.26	(2.76)	(3.02)
AIR POLLUTION	31,142	31,142	100.00	0.00	(100.00)
ANIMAL POUND	1,094,709	444,862	40.64	36.70	(3.94)
ASSOC OF MONTERN BAY GOVERNMENTS	33,056	33,056	100.00	88.45	(11.55)
CAO/LAFCO	120,711	115,071	95.33	OW	(95.33)
COMMUNITY SERVICES	449,019	251,631	56.04	61.82	5.78
BOARD OF SUPERVISORS	1,558,968	595,238	38.18	34.76	(3.42)
COMMISSIONS-SPECIAL	108,506	42,882	39.52	35.69	(3.83)
COUNTY ADMINISTRATIVE OFFICE	1,702,968	471,205	27.67	21.53	(6.14)
CLERK OF THE BOARD	378,919	139,473	36.81	29.52	(7.29)
CAO-FEASIBILITY STUDY FOR RDA	426,120	0	0.00	2.00	2.00
PLANT ACQUISITION	10,188,178	7,255,650	71.22	85.59	14.37
RECORDER	1,065,643	358,537	33.65	36.73	3.08
ELECTIONS	1,597,638	454,399	28.44	54.52	26.08
COUNTY COUNSEL	2,340,212	964,068	41.20	20.18	(21.02)
CHILD SUPPORT SERVICES DEPT	6,913,359	2,389,804	34.57	0.00	(34.57)
DISTRICT ATTORNEY	9,105,759	3,415,352	37.51	31.73	(5.78)
DISASTER RESPONSE (GSD)	489,165	150,080	30.68	35.39	4.71
COMMUNICATIONS-911 (GF)	1,522,875	885,768	58.16	57.54	(0.62)
COMMUNICATIONS-TECH RADIO SVC	549,405	294,187	53.55	43.76	(9.79)
GENERAL SERVICES	4,221,671	2,305,470	54.61	47.37	(7.24)
GRAND JURY	63,090	29,764	47.18	29.47	(17.71)
HEALTH SERVICES AGENCY	88,377,260	29,649,350	33.55	31.26	(2.29)
HUMAN RESOURCES AGENCY	92,586,105	28,558,953	30.85	25.52	(5.33)
CO/GF-COURTS	2,151,898	1,970,897	91.59	93.46	1.87
PARKS, OPEN SPACE & CULTURAL SERVICES	6,231,415	2,171,051	34.84	33.91	(0.93)
PERSONNEL	2,814,591	1,337,536	47.52	45.25	(2.27)
PLANNING	9,972,811	3,696,169	37.06	31.03	(6.03)
JUVENILE HALL	3,092,262	934,870	30.23	31.53	1.30
PROBATION	9,924,062	3,065,774	30.89	30.02	(0.87)
PROBATION- CARE OF COURT WARDS	225,740	46,704	20.69	18.63	(2.06)
PUBLIC DEFENMR	5,906,519	2,342,197	39.65	38.21	(1.44)
DPW REAL PROPERTY	55,000	30,711	55.84	20.28	(35.56)
DPW SURVEYOR	418,100	167,709	40.11	35.32	(4.79)
DPW LIVE OAK PARKING	157,759	38,541	24.43	31.36	6.93
DPW CONSTRUCTION INSPECTION	75,000	31,807	42.41	44.80	2.39
PUBLIC WORKS-ENGINEERING	125,000	70,884	56.71	46.71	(10.00)
SHERIFF	19,771,101	6,994,798	35.38	33.75	(1.63)
DETENTION	16,373,901	5,471,035	33.41	28.35	(5.06)
COURT SECURITY	1,728,466	704,900	40.78	35.77	(5.01)
TREASURER-TAX COLLECTOR	1,387,462	384,604	27.72	21.89	(5.83)
TOTAL	\$ 325,236,599	\$ 114,231,723	35.12	33.28	(1.84)

* Includes final budget plus midyear revisions

SALARY AND BENEFITS PROJECTIONS

JULY 1 THROUGH JANUARY 10, 2002

\$ 148,839,241	Current Appropriations FYR 01-02
<u>(139,641,435)</u>	Estimated Salary and Benefits Expenditure to End of Year
\$ 9,197,806	Gross Salary Savings
Less Related Revenues:	
\$ 697,805	Child Support
2,524,380	Health Services Agency
2,320,207	Human Resources Agency
<u>131,000</u>	Treasurer/Tax Collector
\$ <u>5,673,392</u>	Total Related Revenues
\$ <u><u>3,524,414</u></u>	Net Salary Savings after Revenue Adjustments

VACANT POSITION REPORT

JULY 1 THROUGH DECEMBER 21, 2001

	DEPT / DIVISION	VACANT FTE	UNFUNDED FTE	ADJUSTED VACANT FTE
Agricultural Commissioner	0320	6.14	-	6.14
Assessor	0900	2.50	1	1.50
Auditor-Controller	1200	1.00	-	1.00
Board of Supervisors	1500	1.00	-	1.00
County Administrative Office	1810	3.50	1	2.50
Recorder	2120		-	
County Counsel	2400	2.00	-	2.00
Child Support Services	2510	10.00		10.00
District Attorney - Administration	2710	2.00		2.00
District Attorney - Operation	2720	9.00	1	8.00
Emergency Services	3020	2.00	-	2.00
Emergency Services - Communications	3030	1.00	-	1.00
General Services - Administration	3310	1.00	-	1.00
General Services - Facilities Management	3330	3.00	-	3.00
General Services - Purchasing	3340	1.00	-	1.00
HSA - Agency and Admin Support Services	3601	6.30	-	6.30
HSA - Medical Clinics	3610	17.40	-	17.40
HSA - Public Health	3620	24.25	-	24.25
HSA - Mental Health	3630	31.25	-	31.25
HSA - Substance Abuse	3640	1.00	-	1.00
HSA - Medicruz	3650	4.50	-	4.50
HSA - Detention Medical Services	3660	6.75		6.75
HRA - Welfare	3920	70.80	1.5	69.30
HRA - Public Guardian	3940			
HRA - Community Services	3950	4.00		4.00
Parks, Open space & Cultural Services	4900	6.00	-	6.00
Planning	5400	8.00	-	8.00
Probation - Juvenile Hall	5720	5.00	-	5.00
Probation	5740	11.50	-	11.50
Sheriff - Coroner	6610	10.00		10.00
Sheriff - Coroner - Detention	6620	22.00		22.00
Sheriff - Coroner - Court Security	6640	2.00	-	2.00
Treasurer Tax Collector	7300	8.00	-	8.00
TOTAL GENERAL FUND		283.89	4.50	779.39

USE OF OVERTIME

JULY 1 THROUGH NOVEMBER 30, 2001

DESCRIPTION OF DEPARTMENT	BUDGET	ACTUAL	VARIANCE	% OF BUDGET USED
AGRICULTURAL COMMISSIONER & WT ASSESSOR	\$ 6,259	\$ 2,712	\$ 3,547	43.33%
AUDITOR CONTROLLER	0	432	(432)	0.00%
COUNTY ADMINISTRATIVE OFFICE	14,000	5,723	8,277	40.88%
CLERK OF THE BOARD	1,000	1,722	(722)	172.20%
RECORDER	1,000	552	448	55.20%
ELECTIONS	7,779	532	7,247	6.84%
COUNTY COUNSEL	25,000	826	24,174	3.30%
CHILD SUPPORT SERVICES DEPT	1,000	1,757	(757)	175.70%
DISTRICT ATTORNEY/PUBLIC ADMIN	105,619	48,704	56,915	46.11%
EMERGENCY SERVICES	90,716	46,896	43,820	51.70%
GENERAL SERVICES	2,880	1,287	1,593	44.69%
HEALTH SERVICES AGENCY	25,487	15,049	10,438	59.05%
HUMAN RESOURCES AGENCY	265,916	329,320	(63,404)	123.84%
PARKS, OPEN SPACE & CULTURAL S	292,539	236,050	56,489	80.69%
PERSONNEL	29,053	18,969	10,084	65.29%
PLANNING	4,900	1,503	3,397	30.67%
JUVENILE HALL	52,355	11,920	40,435	22.77%
PROBATION	23,336	44,420	(21,084)	190.35%
SHERIFF-CORONER	32,623	23,899	8,724	73.26%
DETENTION	651,926	670,814	(18,888)	102.90%
COURT SECURITY	378,678	416,607	(37,929)	110.02%
TREASURER-TAX COLLECTOR	186,769	113,518	73,251	60.78%
TOTAL	5,523	853	4,670	15.44%
	<u>\$ 2,204,358</u>	<u>\$ 1,994,065</u>	<u>210,293</u>	<u>90.46%</u>

REVENUE COMPARISON

JULY 1 THROUGH NOVEMBER 30, 2001

DESCRIPTION OF DEPARTMENT	CURRENT YEAR ESTIMATED REVENUES	REVENUES REALIZED % OF TODATE	% OF CUR REV	% OF PRIOR YEAR REVENUE	% OF CHANGE (Under)/ Over/yr
AGRICULTURAL COMMISSIONER	\$ 1,214,267\$	111,688	9.20%	24.23%	-15.03%
ASSESSOR	1,446,219	140,175	9.69%	5.40%	4.29%
AUDITOR CONTROLLER	1,482,929	373,233	25.17%	28.55%	-3.38%
REVENUE AUDITOR - GENERAL FUND	75,064,407	14,357,798	19.13%	22.00%	-2.87%
CERTS DEBT SERVICE	2,907,201	241,810	8.32%	6.44%	1.88%
ANIMAL POUND	159,000	0	0.00%	42.83%	-42.83%
COMMUNITY SERVICES	40,000	0	0.00%	-100.00%	100.00%
COUNTY ADMINISTRATIVE OFFICE	592,891	291,803	49.22%	44.47%	4.75%
CLERK OF THE BOARD	30,300	22,376	73.85%	225.56%	-151.71%
RECORDER	1,293,700	504,544	39.00%	29.01%	9.99%
ELECTIONS	151,100	87,437	57.87%	12.10%	45.77%
COUNTY COUNSEL	933,908	449,149	48.09%	33.73%	14.36%
CHILD SUPPORT SERVICES DEPT	6,913,359	1,569,984	22.71%	0.00%	22.71%
DISTRICT ATTORNEY	4,373,677	903,859	20.67%	15.16%	5.51%
DISASTER RESPONSE	225,924	39,098	17.31%	34.95%	-17.65%
COMMUNICATIONS-911(SHERIFF DEPT)	797,658	190,334	23.86%	51.57%	-27.70%
GENERAL SERVICES	775,705	265,770	34.26%	44.72%	-10.45%
GS-PURCHASING	290,152	110,722	38.16%	40.98%	-2.82%
GS-CENTRAL STORES	35,732	9,767	27.33%	-37.66%	65.00%
HEALTH SERVICES AGENCY	71,830,843	15,984,455	22.25%	22.33%	-0.08%
HUMAN RESOURCES AGENCY	80,923,393	14,747,240	18.22%	11.83%	6.39%
VETERAN'S SERVICES OFFICER	46,000	35,639	77.48%	38.67%	38.81%
PUBLIC GUARDIAN	1,011,266	228,765	22.62%	22.38%	0.24%
COMMUNITY PROGRAMS	10,709	10,709	100.00%	100.00%	0.00%
CO/GF-COURTS	3,632,423	1,054,130	29.02%	32.08%	-3.06%
PARKS, OPEN SPACE & CULTURAL SERVICES	2,283,535	613,529	26.87%	28.31%	-1.44%
PERSONNEL	465,900	603,919	129.62%	84.55%	45.07%
PLANNING	5,446,916	1,592,262	29.23%	33.40%	-4.17%
JUVENILE HALL	867,377	232,457	26.80%	29.18%	-2.38%
PROBATION (1)	7,671,153	(547,947)	-7.14%	15.76%	-22.90%
PROBATION-CARE OF COURT WARDS	15,000	4,713	31.42%	36.38%	-4.96%
PUBLIC DEFENDER	233,800	66,609	28.49%	36.82%	-8.33%
DPW REAL PROPERTY	85,000	36,424	42.85%	41.76%	1.09%
DPW SURVEYOR	298,000	113,341	38.03%	27.64%	10.39%
DPW LIVE OAK PARKING	60,000	22,234	37.06%	37.36%	-0.31%
DPW CONSTRUCTION INSPECTION	75,000	16,044	21.39%	43.71%	-22.31%
PUBLIC WORKS-ENGINEERING	96,500	40,981	42.47%	29.90%	12.57%
SHERIFF	9,355,470	1,743,453	18.64%	23.35%	-4.71%
DETENTION	9,924,788	2,462,934	24.82%	22.77%	2.05%
COURT SECURITY	1,728,561	142,302	8.23%	16.16%	-7.93%
TREASURER-TAX COLLECTOR	872,459	111,049	12.73%	12.31%	0.41%
TOTAL	\$ 295,662,222	\$ 58,984,789	19.95%	19.63%	0.32%

Current Year Estimated Revenues includes Final Budget and Midyear Budget Revisions

(1) Probation department has reported that revenue will be received in the second quarter.

GENERAL PURPOSE REVENUE

JULY 1, 2001 THROUGH NOVEMBER 31, 2001 AND DECEMBER 26, 2001

	# OF MONTHS	YTD	YTD	AMOUNT	%	October	November	December
		ESTIMATED BUDGET	ACTUAL	OVER / (UNDER) BUDGET	OVER / (UNDER) BUDGET	2001 ACTUAL	2001 ACTUAL	2001 ACTUAL
Transfer Tax	5	\$ 557,213	\$ 695,354	\$ 138,141	24.79%	\$ 129,073	\$ 96,827	\$ 0
Transient Occup Tax	6	1,849,277	2,081,519	232,242	12.56%	394,604	385,730	77,229
Motor Vehicle	6	7,148,005	7,528,380	380,375	5.32%	916,204	1,654,956	1,204,105
Sales Tax	6	4,014,895	3,789,738	(225,157)	-5.61%	573,800	765,200	545,186
Court Fines (1)	6	1,934,505	1,627,957	(306,548)	-15.85%	308,107	328,575	305,616
Interest	5	1,353,497	1,314,185	(39,312)	-2.90%	241,558	186,100	0
Recording Fees	6	321,142	515,665	194,523	60.57%	92,718	89,871	77,900
Sales Tax-Prop 172	5	6,026,949	6,104,251	77,302	1.28%	1,096,304	1,330,688	0
BALANCE W/OUT UTILITY TAX		\$ 23,205,483	\$ 23,657,049	\$ 313,425	1.35%			
Utility Tax	6	\$ 3,672,287	\$ 4,245,664	\$ 573,377	15.61%	\$ 377,079	\$ 675,660	\$ 1,102,464

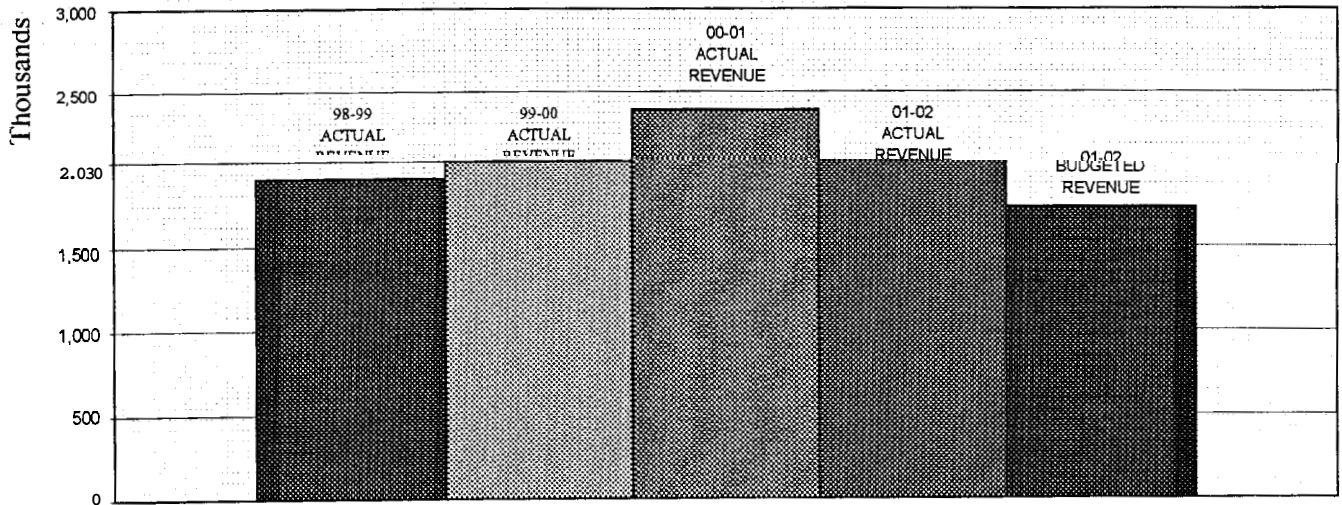
(1) Court fines through 1/2/2002

REVENUE ACCRUALS

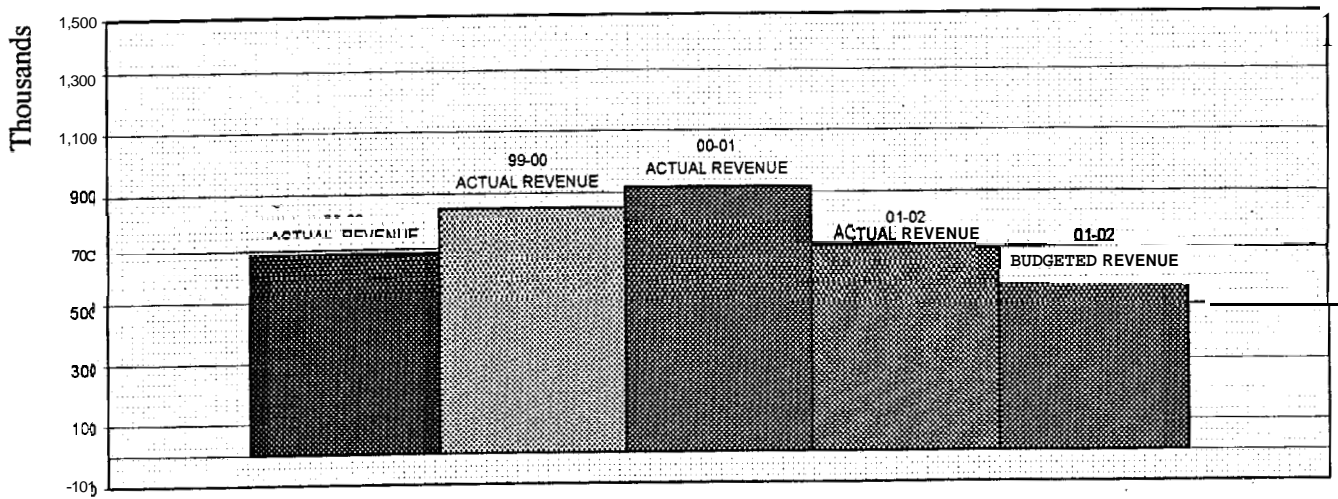
JULY 1 THROUGH NOVEMBER 30, 2001

	Accrual June 30, 2001	Actual Revenue Received per FAMIS FYR 2001-02	Accrued Revenue Over/(Under) Actual Revenue Received
Sales Tax - Sales & Use Tax	\$ 908,030	\$ 1,375,800	\$ (467,770)
Transient Occup Tax	192,640	259,226	(66,586)
Motor Vehicle Sales Tax	1,685,903	2,315,597	(629,694)
Sales Tax-Prop 172	2,630,715	2,522,078	108,637
Utility Tax	1,100,369	1,429,565	(329,196)
	<u>\$ 6,517,657</u>	<u>\$ 7,902,266</u>	<u>\$ (1,384,609)</u>

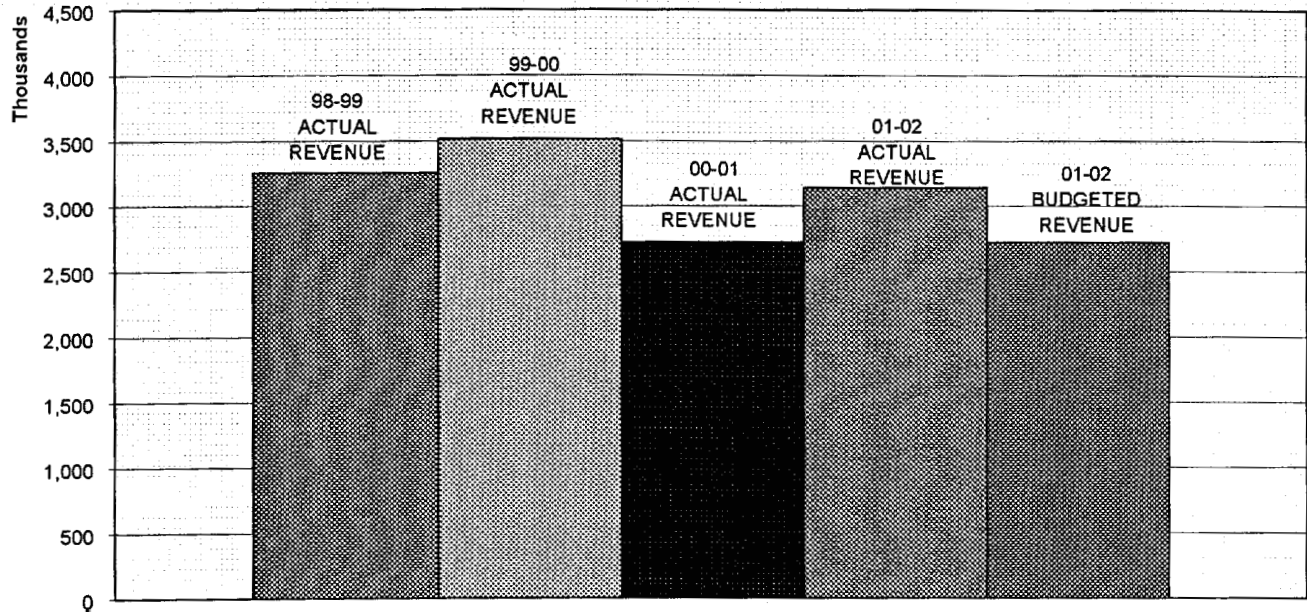
TRANSIENT OCCUPANCY TAX REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001



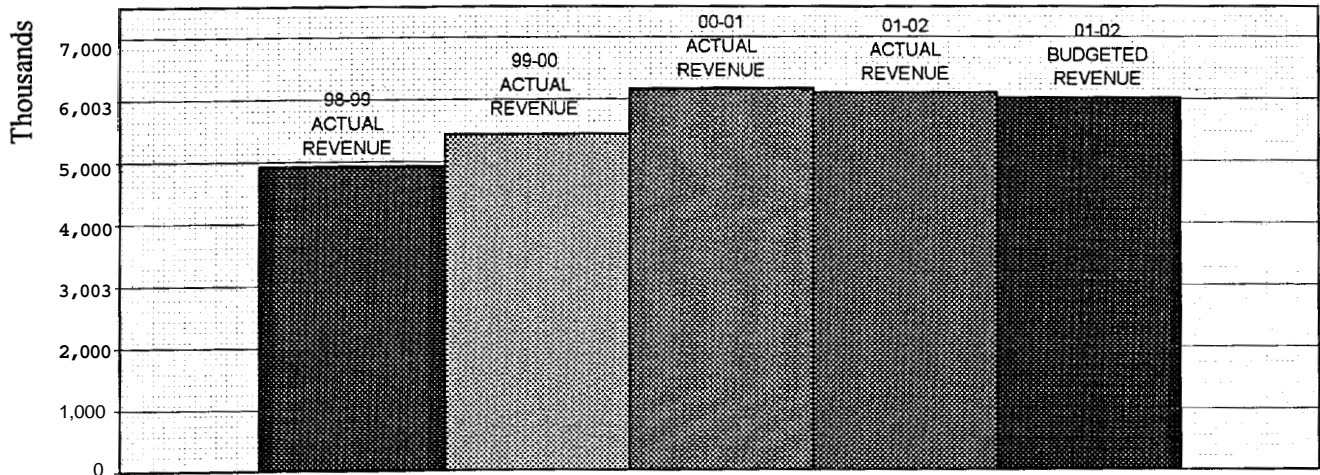
TRANSFER TAX REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001



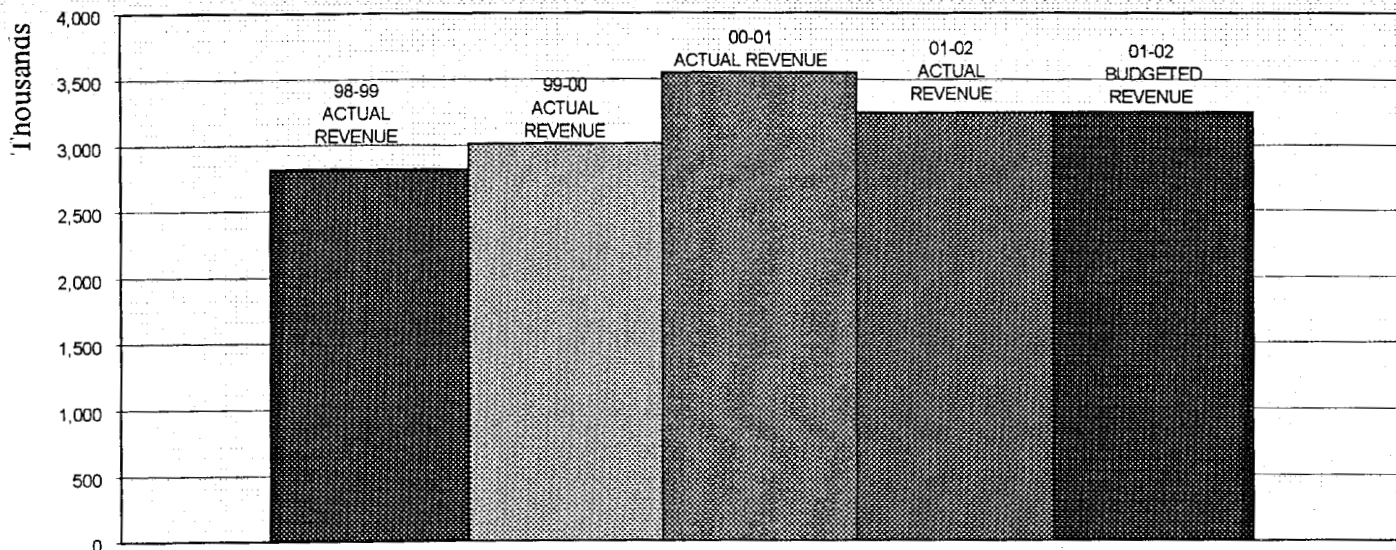
UTILITY TAX REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001



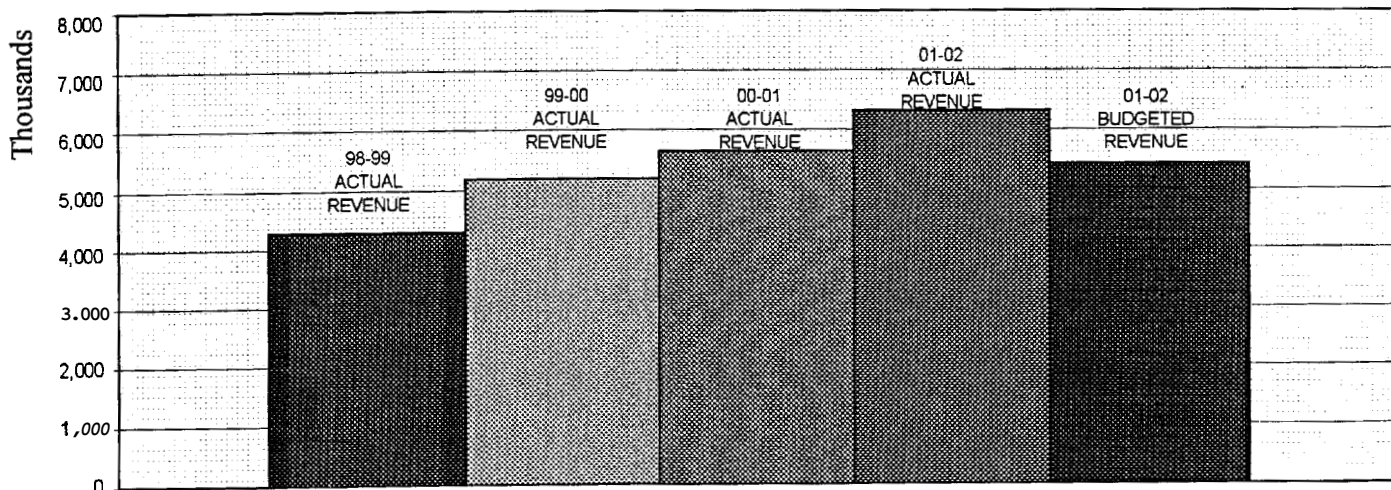
PROPOSITION 172 TAX REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001



SALES TAX REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001

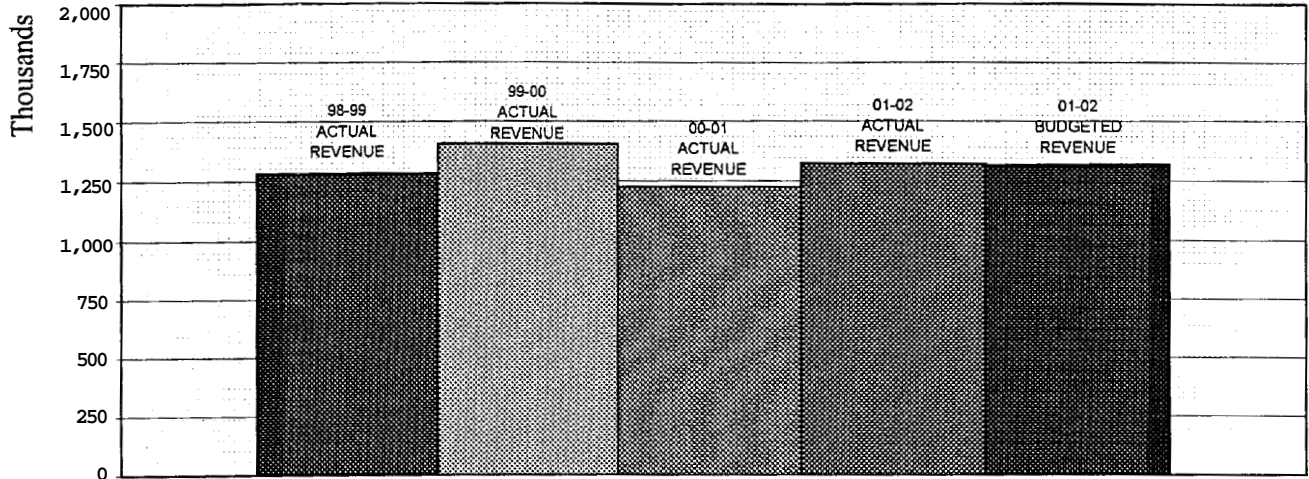


MOTOR VEHICLE TAX REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001



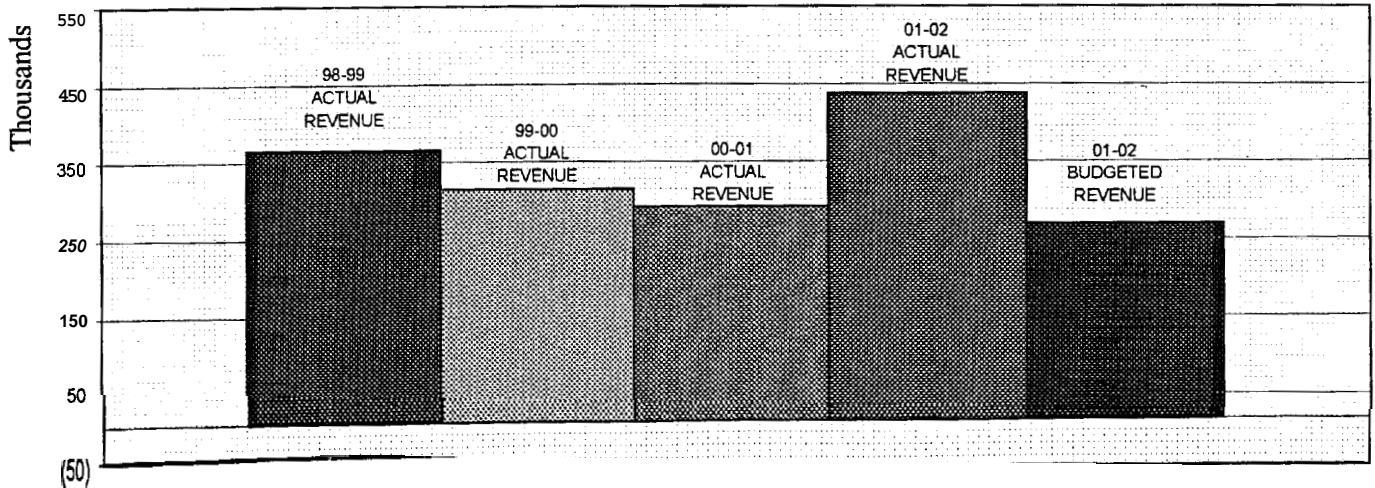
COURT FINES REVENUE

JULY 1, 2001 THROUGH NOVEMBER 30, 2001

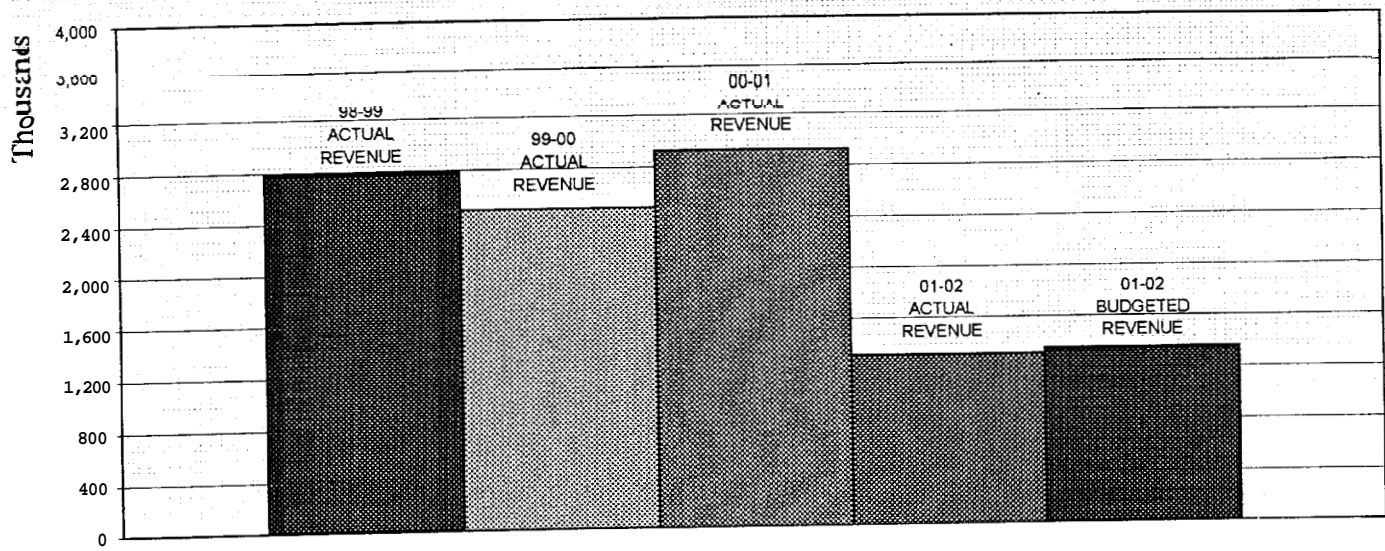


RECORDING FEES REVENUE

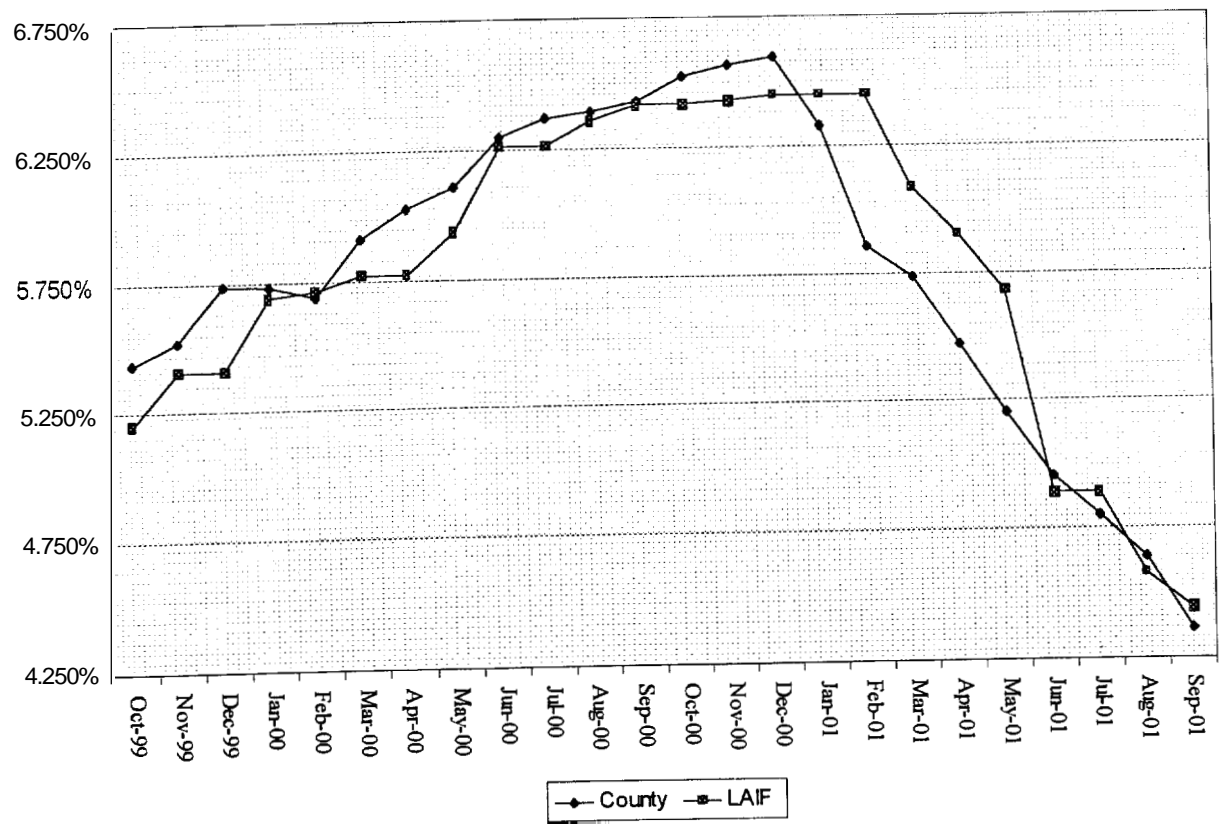
JULY 1, 2001 THROUGH NOVEMBER 30, 2001



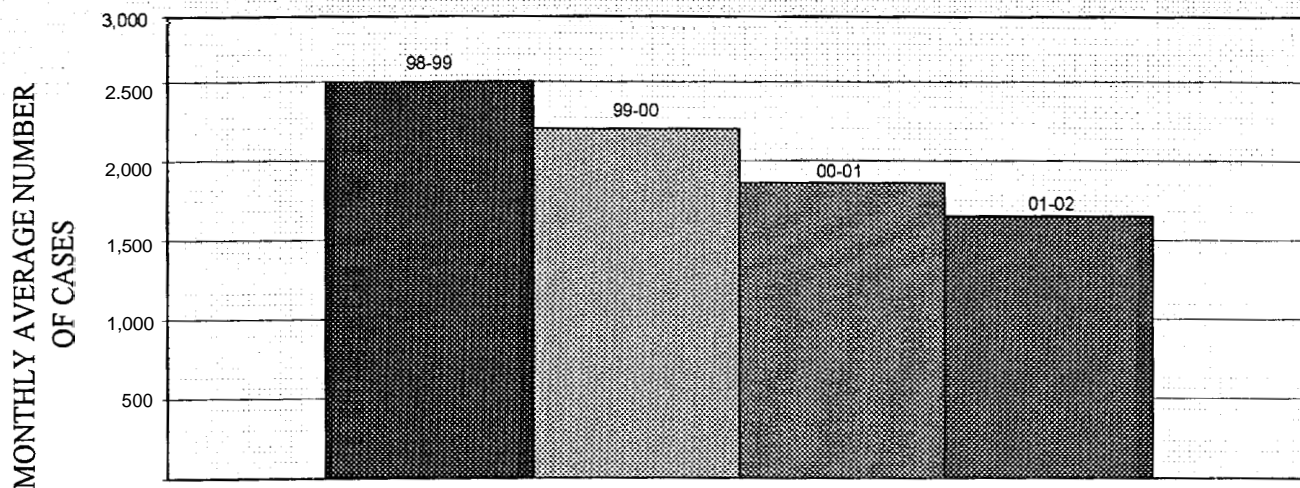
INTEREST REVENUE JULY 1, 2001 THROUGH NOVEMBER 30, 2001



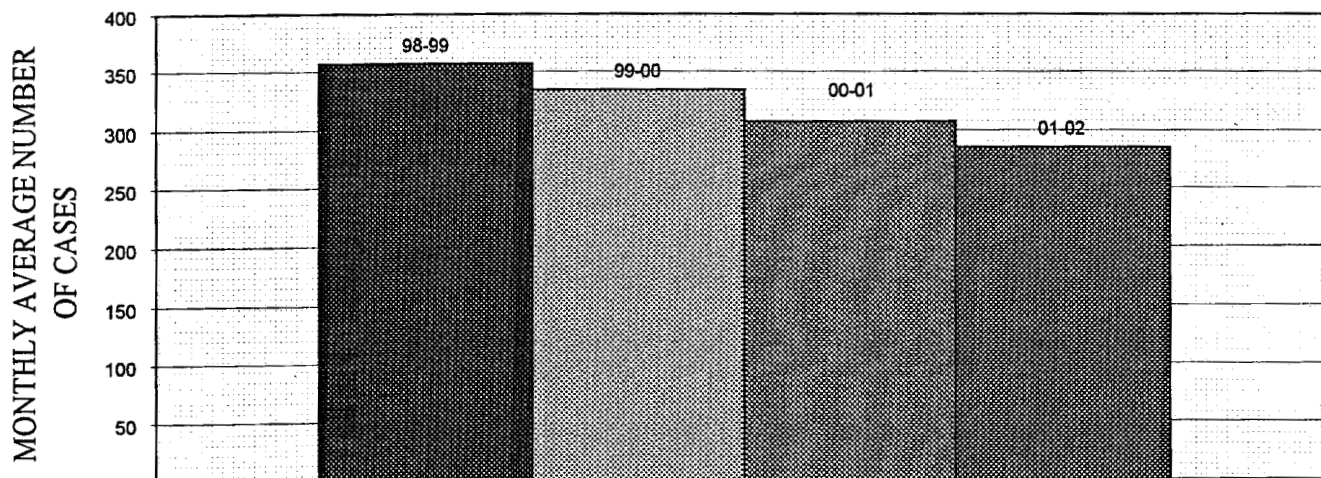
Gross Yield Trend



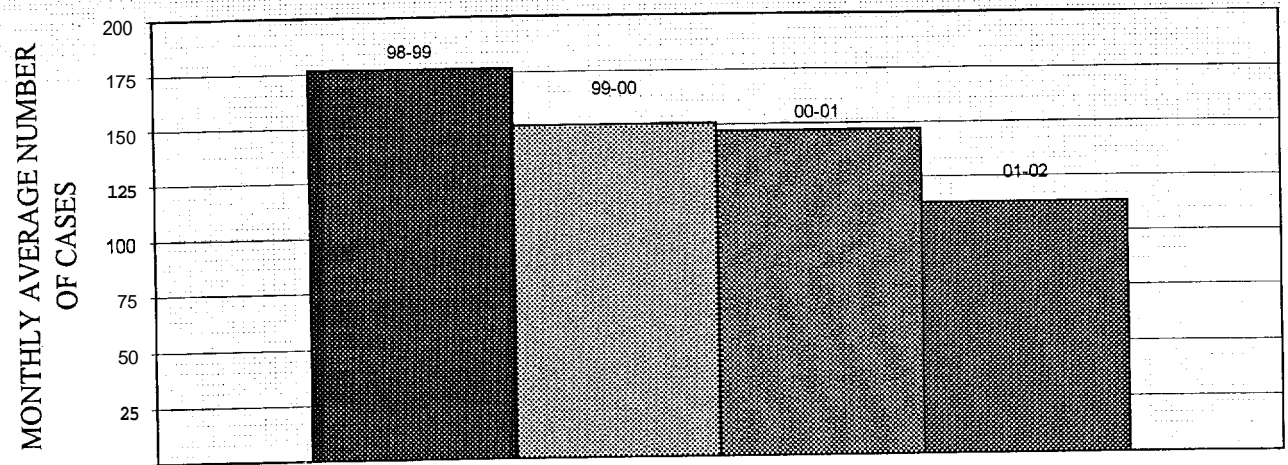
CAL WORKS CASES JULY THROUGH NOVEMBER



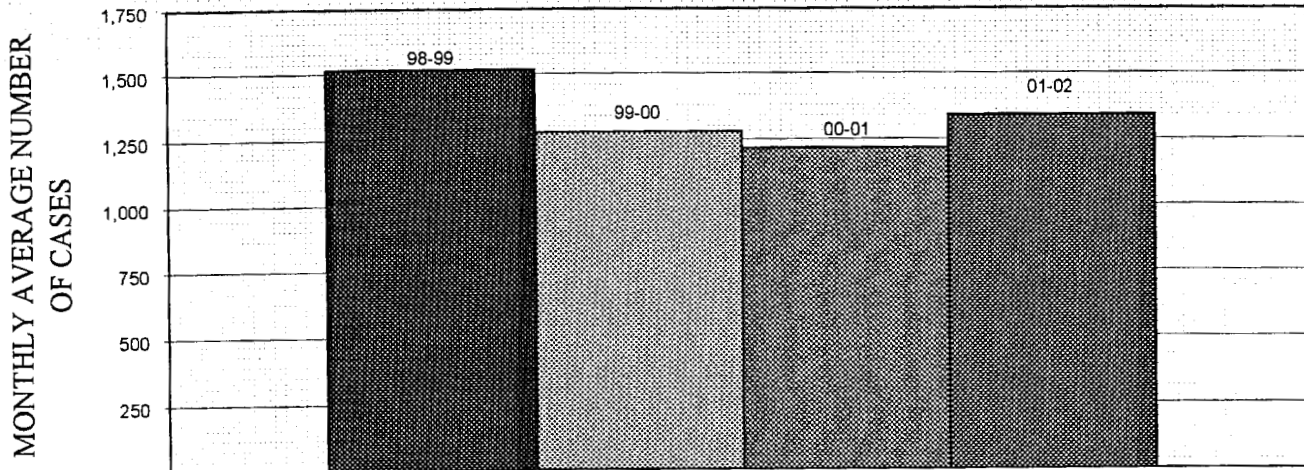
AFDC FOSTER CARE CASES JULY THROUGH NOVEMBER



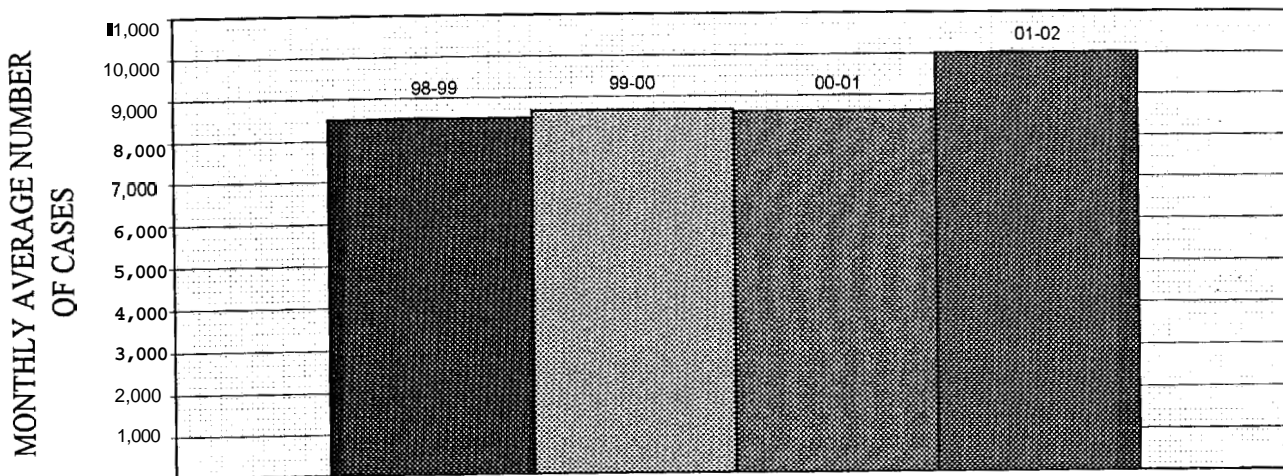
GENERAL ASSISTANCE CASES JULY THROUGH NOVEMBER



FOOD STAMP CASES JULY THROUGH NOVEMBER



MEDI-CAL CASES JULY THROUGH NOVEMBER



STATEMENT OF CASH POSITION

JULY 1 THROUGH NOVEMBER 30, 2001

GENERAL FUND :	ACTUAL	PRIOR YEAR
Beginning Cash Balance 7-1-01	\$ 21,509,489	10,733,437
Revenues/Receipts	92,914,820	91,035,077
Disbursements	(126,220,110)	(111,183,101)
Ending Cash Balance	<u>\$ (11,795,801)</u>	<u>(9,414,587)</u>

TRANS USES:		
Trans	\$ 7,296,778	21,831,610
Transfers In/Out (All Funds)	1,178,433	(3,903,608)
Loans to General Fund (Net)	(11,795,801)	(9,414,587)
Ending Balance November 30, 2001	<u>\$ (3,320,590)</u>	<u>8,513,415</u>
Ending Balance November 30, 2000	<u>\$ 8,513,415</u>	
Difference	<u>\$ (11,834,005)</u>	

Explanation of the Difference	
	\$
Increase in Beginning Cash	10,776,052
Increase in Revenues	1,879,743
Increase in Disbursements	(15,037,009)
Decrease in TRANS Borrowing	(14,534,832)
Increase in Interfund Borrowing	<u>5,082,041</u>
	<u>\$ (11,834,005)</u>

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CASH FLOW SUMMARY

JULY 1 THROUGH NOVEMBER 30, 2001

	July	August	September	October	November
Beginning Balance	\$ 21,509,489	\$ 999,238	\$ (1,814,802)	\$ (7,284,534)	\$ (6,543,778)
Receipts					
Property and Other Taxes	1 914,350	1,958,267	3,144,044	1,397,470	1,399,154
Licenses and Permits	5 666,332	552,584	291,255	750,987	380,886
Fines, Forfeitures and Penalties	7 46,643	469,892	303,611	269,461	42,686
Use of Money and Property	10 531,396	418,664	304,930	296,747	236,468
Aid from Other Government Agencies	15 (8,446,339)	16,952,415	8,769,955	11,044,544	15,554,635
Charges for Current Services	19 1,172,123	3,036,986	1,392,545	3,085,449	1,229,625
Other Revenues	23,25, 29 1,352,248	1,787,171	1,021,751	4,522,445	2,527,599
Adjustments	<u>10,347,162</u>	<u>768,549</u>	<u>113,775</u>	<u>2,202,801</u>	<u>63,126</u>
Total Receipts	\$ 6,583,914	\$ 25,944,528	\$ 15,341,866	\$ 23,569,904	\$ 21,474,608
Disbursements					
Salaries and Benefits	30 (9,990,477)	(15,297,842)	(9,925,046)	(10,090,400)	(15,250,750)
Services and Supplies	40 (2,212,210)	(8,004,316)	(6,384,409)	(7,360,273)	(7,042,155)
Other Charges	50 (6,024,268)	(5,184,876)	(4,226,249)	(4,192,334)	(3,249,716)
Capital Outlay and Fixed Assets	60 (374,072)	(254,579)	(94,866)	(72,215)	(168,430)
Other Financing	70 (7,453,270)	(1,491,161)	(380,833)	(2,635,923)	(1,179,621)
Intrafund Transfers	90 (1,039,867)	1,474,205	199,806	1,521,996	164,041
Total Disbursements	\$ (27,094,166)	\$ (28,758,568)	\$ (20,811,598)	\$ (22,829,149)	\$ (26,726,630)
Ending Cash Balance	\$ 999,238	\$ (1,814,802)	\$ (7,284,534)	\$ (6,543,778)	\$ (11,795,800)
Net Cash Provided (Used by Activities)	\$ (20,510,252)	\$ (2,814,040)	\$ (5,469,731)	\$ 740,756	\$ (5,252,023)
Loan Payoffs					
Loans	3,429,755	22,491,197	7,614,697	6,933,228	15,384,341
Trans	(9,545,064)	(22,007,206)	(7,279,733)	(10,101,693)	(16,796,394)
Teeter	0	0	0	0	7,296,778
	<u>V.757.2141</u>	<u>V.784.745</u>	<u>1.831.051</u>	<u>2.225.309</u>	<u>2.590.486</u>
Ending Balance	\$ (12,873,285)	\$ (9,115,556)	\$ 2,178,259	\$ (190,155)	\$ (3,320,590)

STATISTICS

JULY 1 THROUGH NOVEMBER 30, 2001

DEPT REF	CAMP HELICOPTER FLIGHT TIME	AVERAGE MONTHLY DATA			July through November		
		Through NOV 2001	Through NOV 2000	% Change	Through NOV 2001	Through NOV 2000	% Change
		-BUDGET				60	
		-ACTUAL			20		
COURT/ DISTRICT ATTY	NUMBER OF COURT FILINGS/DISTRICT ATTORNEY						
	FELONIES						
	NEW FILINGS	192	159	20.35%	958	796	2035%
	MISDEMEANORS						
	NEW FILINGS	588	595	-1.11%	2,942	2,975	-1.11%
	JUVENILE DELINQUENCIES						
	NEW FILINGS	50	70	-27.87%	251	348	-27.87%
	JUVENILE DEPENDENCIES	14	26	-43.75%	72	128	-43.75%
	SMALL CLAIMS FILINGS	138	135	2.23%	689	674	2.23%
	CIVIL FILINGS	152	148	2.43%	758	740	2.43%
	Court statistics only	1,134	1,132	0.16%	5670	5661	0.16%
PUBLIC DEFENDER	NUMBER OF PUBLIC DEFENDERS CASES						
	FELONIES						
	NEW APPOINTMENTS	141	124	136.79%	707	622	136.7%
	PROBATION FELONY VIOL	84	67	24.709%	419	336	24.70%
	MISDEMEANORS						
	NEW APPOINTMENTS	366	294	24.599%	1,829	1,468	24.59%
	PROBATION MISD VIOL	184	144	27.15%	918	722	27.15%
	JUVENILE DELINQUENCIES						
	NEW APPOINTMENTS	59	71	-16.62%	296	355	-16.62%
	PROBATION VIOL	22	29	-23.089%	110	143	-23.08%
	OTHER (INC. JUV DEPS, GUARDIANSHIPS, LPS. MODIFICATIONS)	79	97	-18.48%	397	487	-18.48%
		935	827	13.149%	4,676	4,133	13.14%
PLANNING	NUMBER OF BUILDING PERMITS ISSUED	292	309	-17.474%	1460	1,546	-5.56%
UNEMPLOYM RATE	UNEMPLOYMENT RATE						
	CALIFORNIA (NOT SEASONALLY ADJUSTED)**				5.80%	4.70%	
	COUNTY (NOT SEASONALLY ADJUSTED)				7.00%	5.70%	
	Stated rate is for the month of november						
	**Not adjusted for changes that occur due to regular seasonal patterns in an industry						
TREASURER/ TAX COLL	TAX COLLECTIONS						
	SECURED				17.63%	18.37%	
	UNSECURED				90.98%	99.11%	

STATISTICS CONTINUED

JUVENILE HALL	JUVENILE HALL POPULATION	AVERAGE MONTHLY DATA			July 1 - November 30, 2001		
		BOYS	GIRLS	TOTAL	BOYS	GIRLS	TOTAL
1	POPULATION IN CUSTODY AT START OF TIME PERIOD				28	5	33
2	ADMITTED DURING TIME PERIOD	75	26	101	376	130	506
2	RELEASED DURING TIME PERIOD	74	29	103	370	146	516
1	POPULATION IN CUSTODY AT END OF TIME PERIOD				25	6	31
	AVERAGE DAILY ATTENDANCE				29.3	8.6	37.9
	AVERAGE LENGTH OF STAY				11.1	11.0	22.1
	RANGE OF STAY				1-286	1-131	1-132
	RANGE OF AGE				12-20	12-20	12-20
	NUMBER OF "IN COUNTY" RESIDENTS RECEIVED	71	26	97	354	128	482
	NUMBER OF "OUT OF COUNTY" RESIDENTS RECEIVED	3	1	4	16	7	23
	PERCENTAGE FROM OUT OF COUNTY	4.5%	5.5%	4.8%	0	5.47%	4.8%
	TOTAL CHILD CARE DAYS	970	285	1,255	4,849	1,425	6,274
	TOTAL COURT COMMITMENTS ADMITTED	3	1	4	16	4	20
	TOTAL COURT COMMITMENTS RELEASED	3	1	4	13	4	17
	TOTAL CHILD CARE DAYS FOR RELEASED COURT COMMIT	74	39	113	371	196	567
	TOTAL INTAKE TO DATE NOV 2001	180	62	241	898	309	1,207
	TOTAL INTAKE TO DATE NOV 2000	228	69	297	1,142	345	1,487
	NET CHANGE				(244)	(36)	(280)
	REDWOODS PROGRAM						
	AVERAGE DAILY ATTENDANCE				6.2	2.7	8.9
	CHILD CARE DAYS	114	49	163	571	244	815

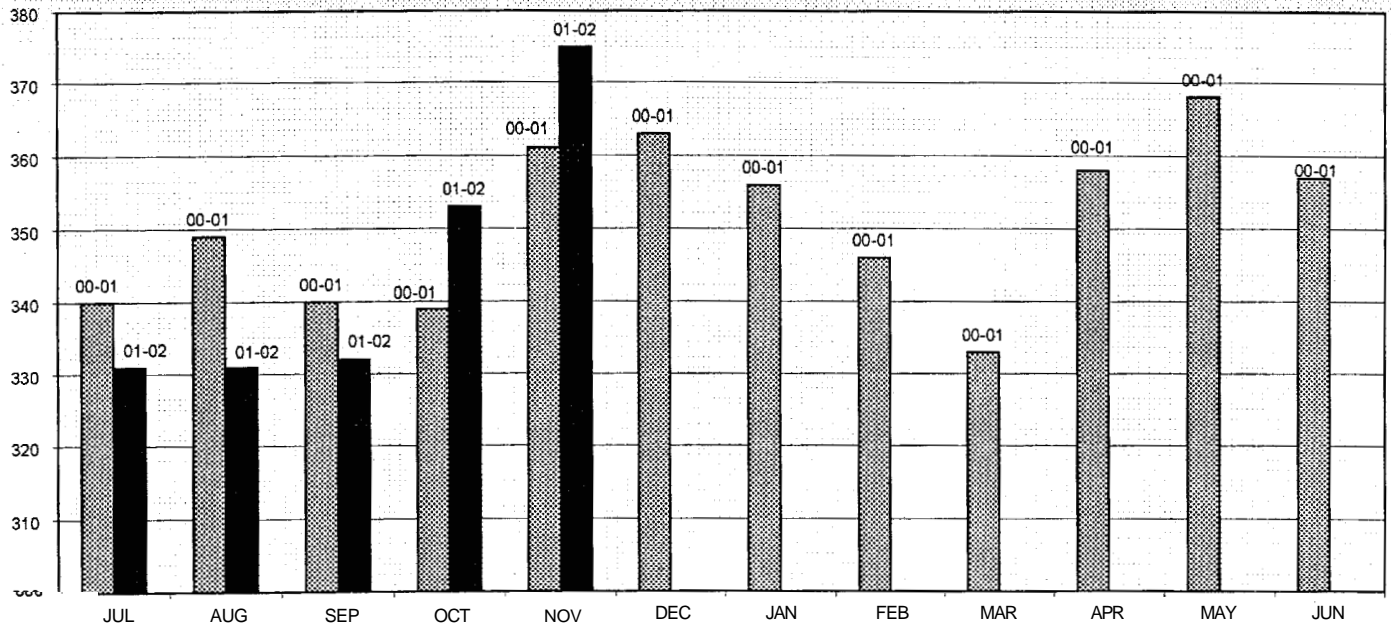
1 Head count taken at 6am
 2 Admitted and Released counts are from 1am - 11:59 pm

AVERAGE DAILY NUMBER OF INMATES JULY 1 THROUGH NOVEMBER 30, 2001

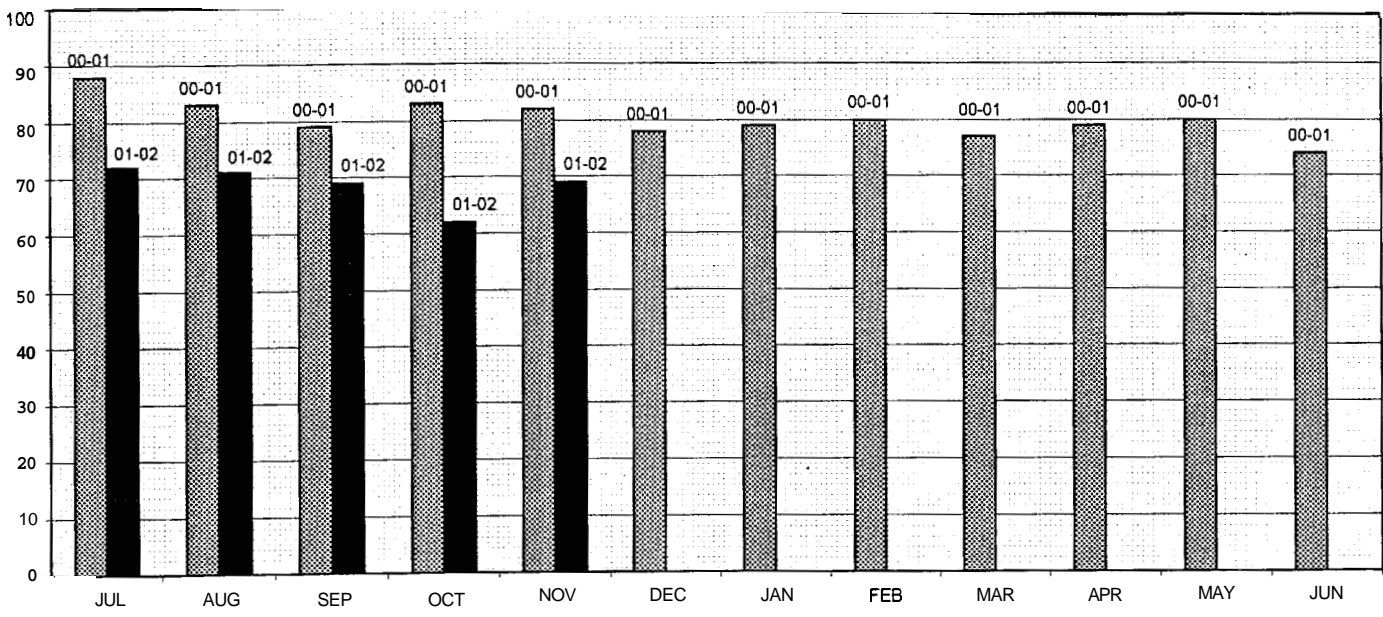
Quarter	Year	JAIL MAIN	JAIL MEDIUM	FARM JAIL	Subtotal	Average	Blaine Street	Total
July - Nov	1991-92	376	0	186	563	281	23	586
July - Nov	1992-93	379	0	167	546	273	18	564
July - Nov	1993-94	329	0	142	471	235	17	487
July - Nov	1994-95	350	0	156	506	253	25	531
July - Nov	1995-96	362	0	113	476	238	17	493
July - Nov	1996-97	324	43	151	518	173	23	541
July - Nov	1997-98	376	45	154	576	192	28	604
July - Nov	1998-99	379	46	165	589	196	31	620
July - Nov	1999-00	326	82	155	563	188	29	592
July - Nov	2000-01	346	83	134	562	187	23	586
July - Nov	2001-02	344	69	103	516	172	15	531
Total Average		354	61	148	535	217	23	558

Second half of Medium opened 2/99

AVERAGE POPULATION OF MAIN JAIL

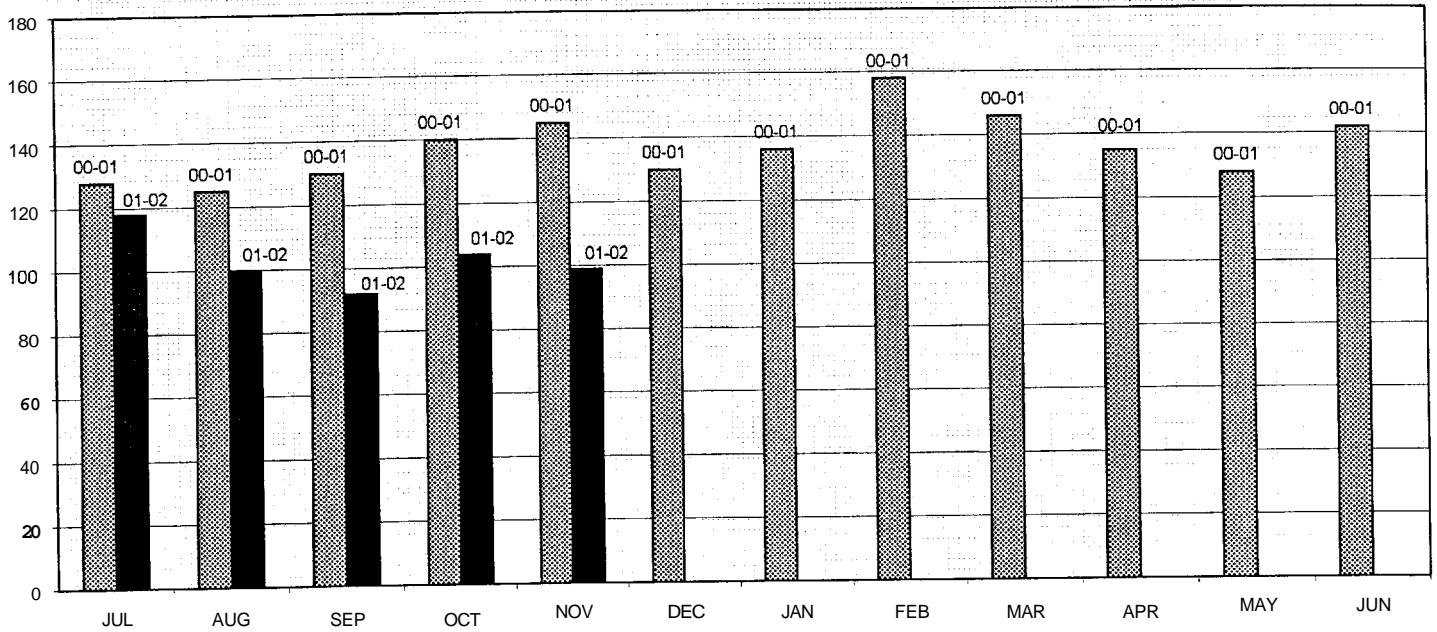


AVERAGE POPULATION OF ROUNTREE FACILITY

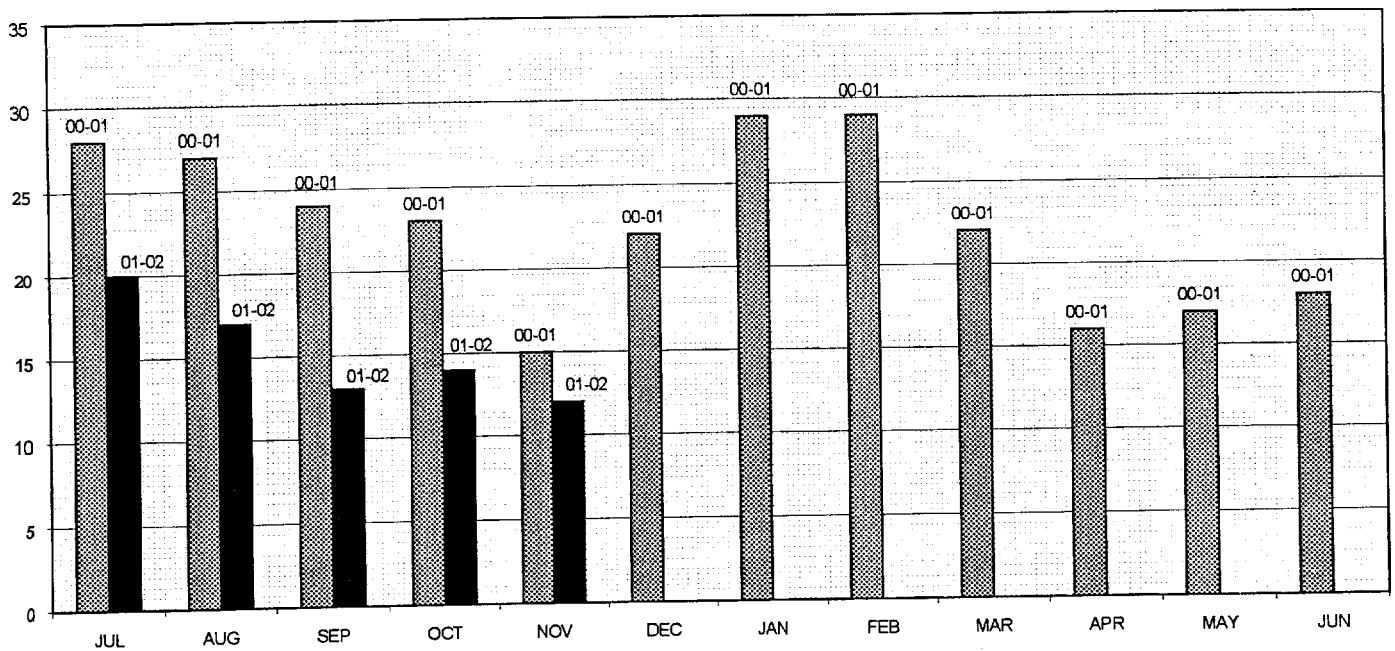


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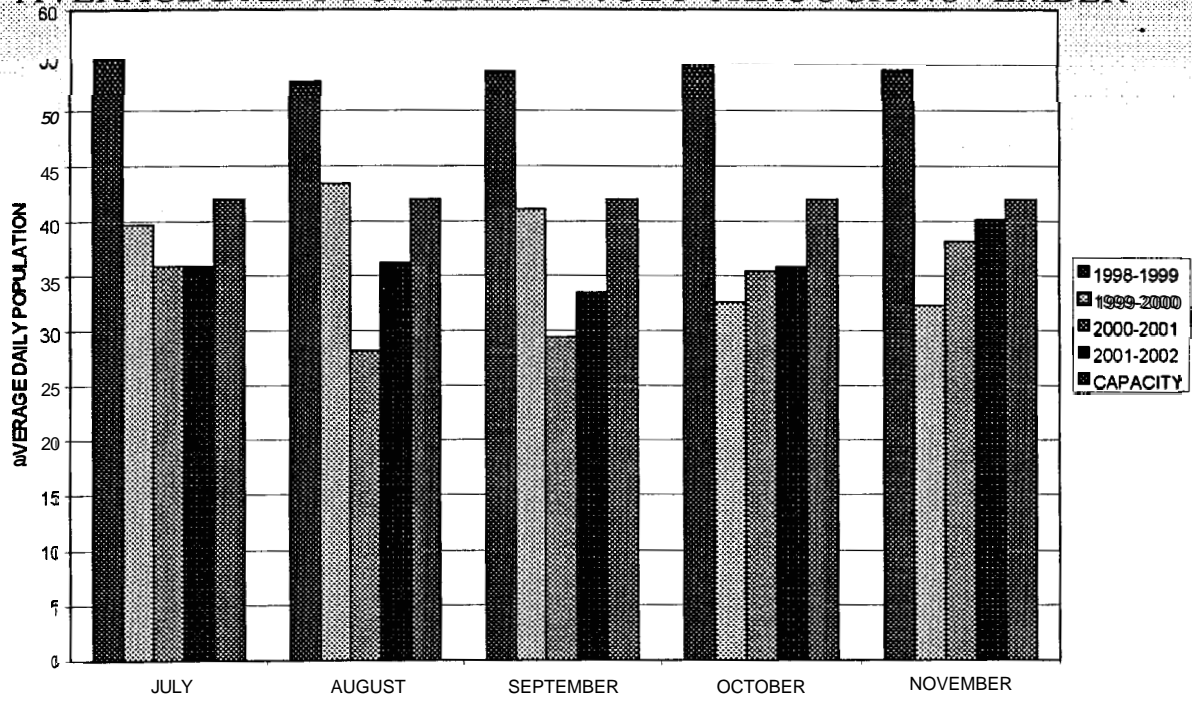
AVERAGE POPULATION OF JAIL FARM



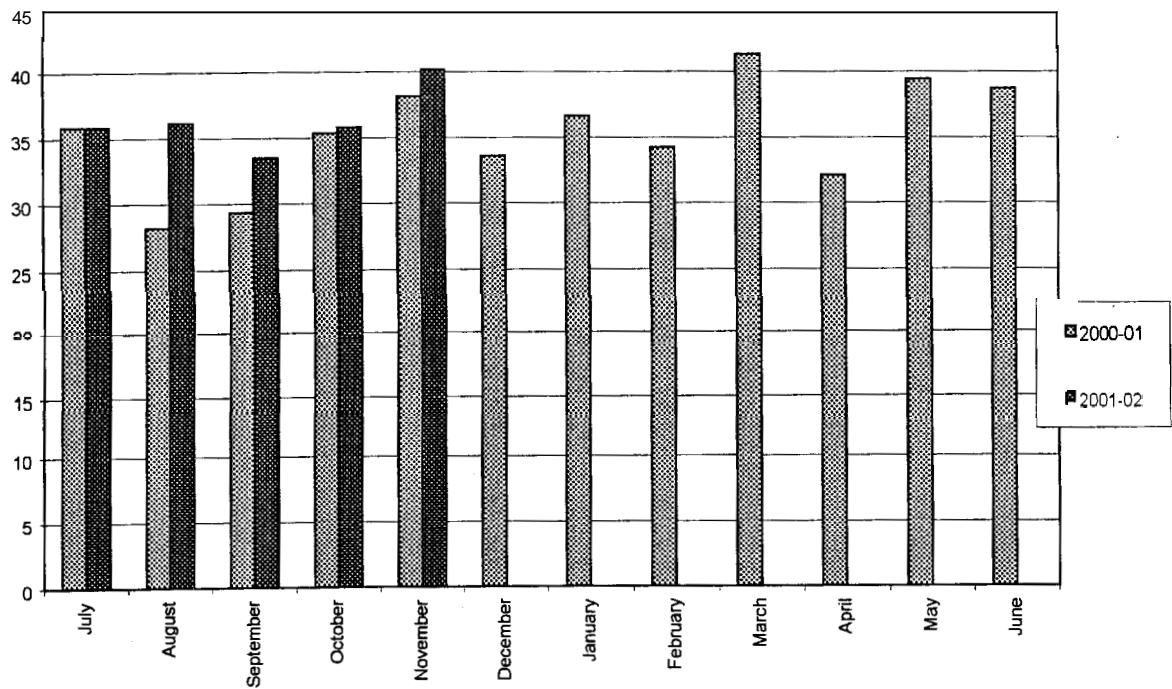
AVERAGE POPULATION OF BLAINE STREET



JUVENILE HALL AVERAGE DAILY POPULATION JULY THROUGH NOVEMBER

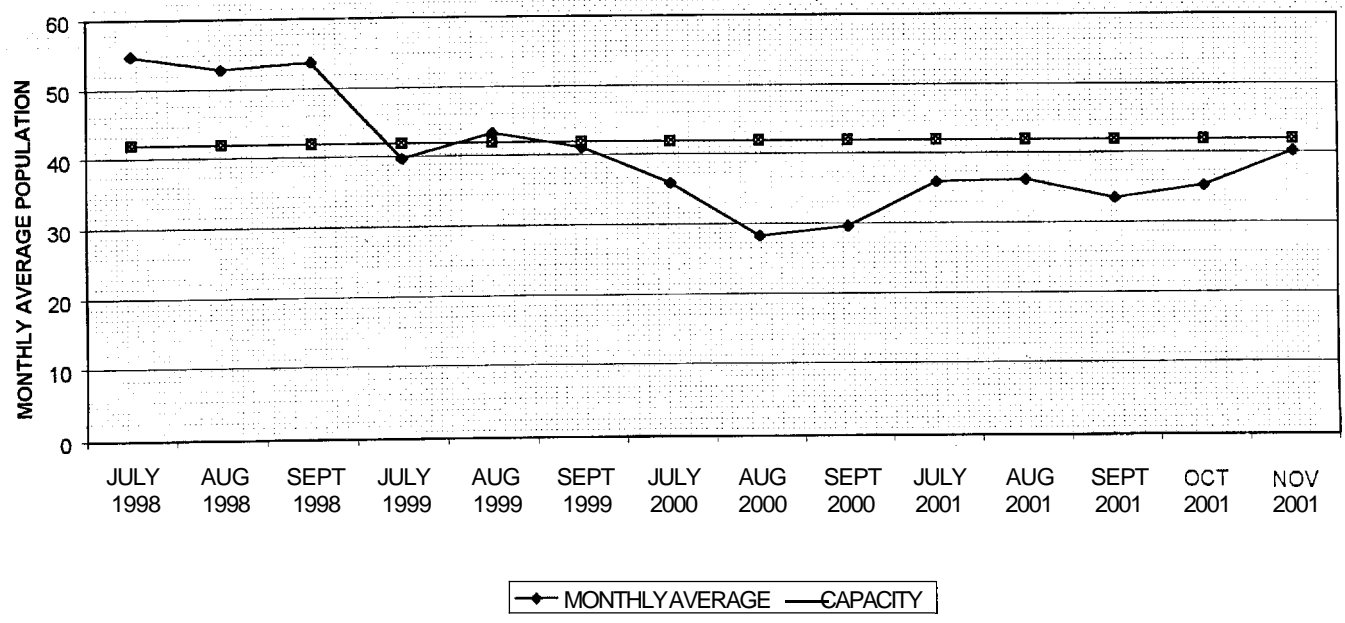


JUVENILE HALL AVERAGE DAILY POPULATION



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JUVENILE HALL
POPULATION OVER/UNDER CAPACITY
JULY 1998 THROUGH NOVEMBER 2001



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Attachment 4

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VOTER INFORMATION PAMPHLET

MEASURES, ANALYSES AND ARGUMENTS

(whichever is applicable to your ballot)

Arguments in support of, or in opposition to, the proposed laws are the opinions of the authors.

FISCAL IMPACT STATEMENT BY COUNTY AUDITOR MEASURE L

In 1991 the County Board of Supervisors established a 7% Utility Users Tax. The Utility Users Tax has been used to make up for the lower percentage of property taxes received by Santa Cruz County compared with the average received by the other 57 counties, and to replace other revenue shifts.

The repeal of the Utility Users Tax would result in an estimated revenue loss of \$2,000,000 in 2001-02 and \$9,900,000 each year thereafter. A legal challenge to the tax is now pending in the local courts. If successful, additional adverse financial impacts could occur.

The total General Fund Budget is \$332 million for the 2001-02 fiscal year. After subtracting restricted revenues and expenditures controlled by maintenance of effort requirements and other commitments, the remaining \$70.3 million is used to fund mostly State mandated programs. This sum is used to finance the net operating costs for services including: judicial, jail and detention, public assistance, health, legislative, legal, administrative, and financial functions and a reserve for contingencies. It also finances programs which are not specifically mandated including Community Programs and other activities (\$6,000,000).

The budget includes funding from one-time revenues for working capital-paying bills (\$6,500,000, on June 30, 1980 the provision was \$6,639,000), debt payments (\$1,000,000), emergencies (\$2,300,000), accounts receivable and health program reductions (\$2,700,000), and 2002-03 road improvements (\$3,000,000). The budget also provides for a General Contingency for Unanticipated Needs of \$6,300,000. The State of California defines a prudent reserve for contingencies as 3% of the total budget requirements or \$9.9 million; \$6,300,000 is 1.9%.

The fund balance available over the past twenty years has averaged 3% at year end. The County does not maintain any unbudgeted surpluses. The audited fund balance available has ranged from \$34,000 in 1991 to \$31,000,000 in 2000. The \$34,000 balance was not favorable and did not provide adequate working capital. The \$31,000,000 should be considered appropriate given the economy and one-time economic gains. If the one-time tax audit of \$9.6 million, unbudgeted tobacco settlement of \$2.5 million, and the unexpended balance in contingencies of \$3.4 million are subtracted from the \$31,000,000 in 2000, the fund balance is equal to 5.9%. These conditions have resulted in major road improvements and an upgrade of the County's Bond Rating from a medium to a high grade.

The effects of a Utility Tax repeal could be postponed briefly but not permanently by using one-time financial resources. It would require restructuring the budget by making reductions equal to about 14% of those programs not tied to specific revenue reimbursements or

maintenance of effort requirements. This is equivalent to about 170 budgeted positions based on average cost. Historically, a revenue loss of this magnitude would be shared among almost all County Departments and Programs resulting in reduced budget service levels and increased fees. The repeal of the Utility Users Tax would have a greater fiscal impact than the net property tax shifts of the 1990's by the State of California.

Respectfully Submitted,

Gary A. Knutson
County Auditor-Controller

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