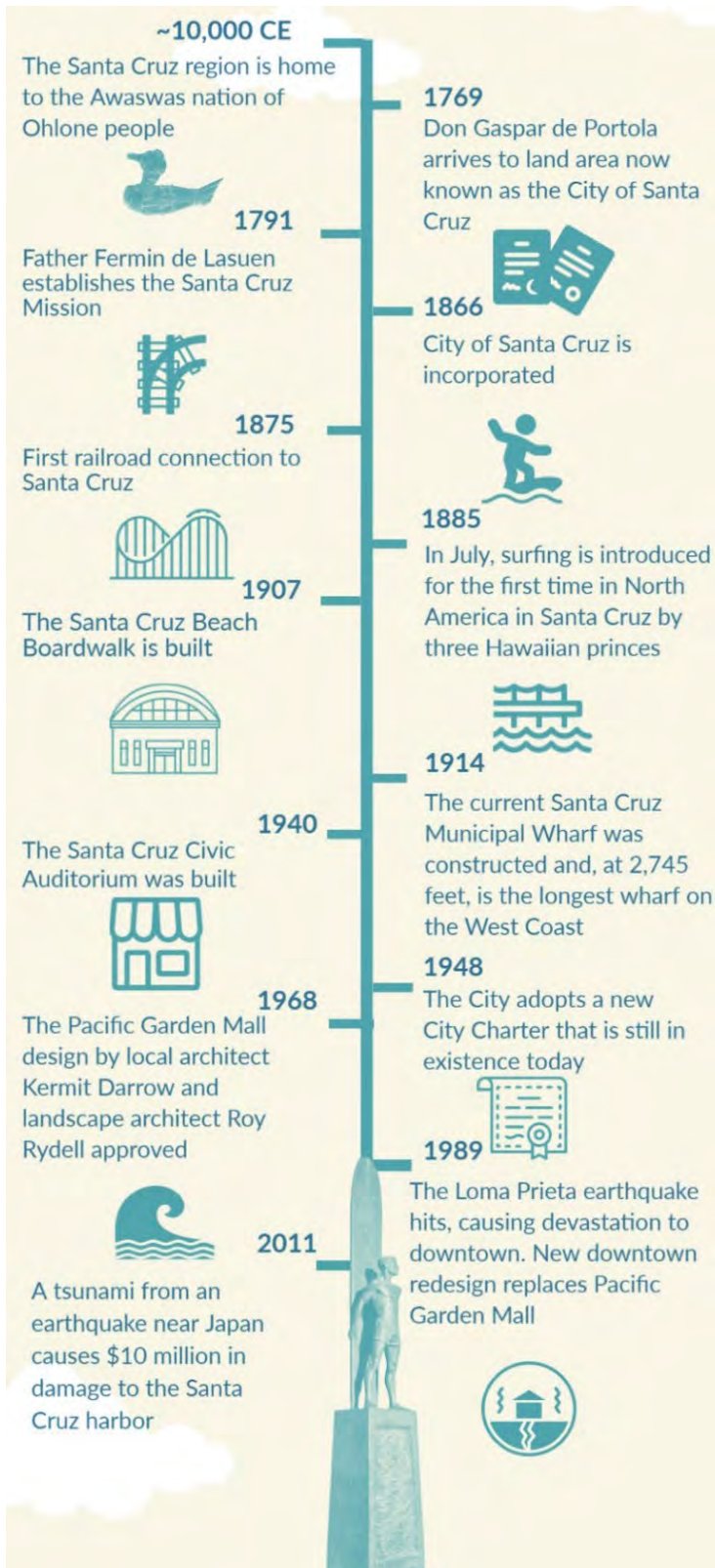


City Overview

Important Dates in Santa Cruz History



The timeline to the left highlights the key events in the history of the City of Santa Cruz.

History

The city of Santa Cruz, CA has a rich and varied history that spans thousands of years. What follows are key events and people who shaped our City and left an indelible mark, one that can be seen within the pages of this Annual Budget.

Awaswas/Uypi Peoples (Pre-1800)

Prior to Spanish colonization, Santa Cruz was home to around one thousand Indigenous people from six local Awaswas speaking Tribes: Quiroste, Cotoni, Uypi, Sayanta, Chaloctaca and Aptos. Awaswas is part of the Ohlone language family, a group of 8 languages spoken by among fifty tribes extending along the coastline from San Francisco to Point Sur. The Uypi Tribe resided in Aulinta, their village on the site that is now downtown Santa Cruz. Their ancestors had inhabited this coastal and upland landscape for millennia, managing the land through

practices such as seasonal foraging, controlled burning, and shellfish gathering. Over generations, they built deep cultural, spiritual, and ecological relationships with the rivers, forests, and sea—relationships that continue to this day through their descendants. Indigenous descendants from multiple contemporary tribes are working to revitalize their traditions and stewardship of this land.



London Nelson (1800-1860)

Born into slavery in 1800, London Nelson was brought to California in 1850 by his enslaver. Drawn in by the promise of the California Gold Rush, London, his enslaver, and another enslaved man, Marlborough Nelson, worked the gold fields on the American River. The men made enough money there for London and Marlborough to buy their freedom, and London thereafter settled in Santa Cruz in 1856. Working as a cobbler and farmer, London lived near the San Lorenzo River and joined the local Methodist Church, home to a group of local Abolitionists. The Methodist Church grew enough in the following year to open a schoolhouse on Mission Hill, right near London's property. However, by 1858, the school closed due to lack of funds, and then reopened in 1859. In 1860, London Nelson fell ill and died in April, leaving his estate to the school to help ensure it would continue to remain open. London became one of the first individuals to be buried in Evergreen Cemetery and, in the decades after his death, his name became increasingly misspelled, until a new headstone was made, cementing his name as "Louden Nelson" for 130 years. The London Nelson Community Center, located on Center Street, was originally named "Louden Nelson" after this misspelling. In 2020, Britnii Porter, a local Santa Cruz resident, led a research effort to correct the misspelling, resulting in the renaming of the London Nelson Community Center and London Nelson Plaza. This effort also led to the discovery of the burial sites of 11 other Black residents in Evergreen Cemetery who had previously been erased from historical memory.

The Lumber Industry in Santa Cruz (1865-1920)

Easy access to redwood forest and transportation networks led to Santa Cruz becoming one of the earliest hubs for redwood logging in California. Between c. 1865 and 1920, lumber camps and sawmills proliferated throughout Santa Cruz County, particularly once the Southern Pacific Railway reached Monterey in 1880. Wooden sleds and teams of oxen brought trees down to sawmills to be processed for tanbark (to be used in tanning leather) or "split-stuff" (to be used for shingles, posts, and stakes). Trees were also transported down the San Lorenzo River and

FY 2027 Budget via railway tracks built in the late 1800s by Chinese laborers. By some estimates, these tracks, valuable for allowing more efficient lumber transportation but challenging to build due to the difficult terrain in the Santa Cruz Mountains, cost around \$50,000



per mile to construct. Historically, the Ley family was the largest owner of lumber land and the Loma Prieta Mill was the largest in Santa Cruz County until it was forced to pause business between 1906 and 1909 due to landslides triggered by the San Francisco Earthquake. When the mill closed in 1924, it had processed 140 million board feet of redwood lumber in its existence. The Loma Prieta Mill and others in Santa Cruz County closed around the same time in the 1920s once most commercially viable virgin timber in the Santa Cruz Mountains had been cut down, though smaller-scale logging still operates to this day.

Establishment of Commercial Fishing in Santa Cruz (1874-1912)

Fishing has held a central importance to all of the communities that have called Santa Cruz home. Prior to European settlement in the Santa Cruz area, Indigenous people fished throughout Monterey Bay and, before fishing became a major industry in Santa Cruz, the Chinese community also fished widely. Modern commercial fishing was heavily influenced by a number of Italian fishing families. Cottardo Stagnaro I settled in Santa Cruz in 1874, the first Italian fisherman to do so. At the time, Cottardo was only 15 years old, and he came to live with Fred Perez and his family, one of the first commercial fishing families to operate in the north part of Monterey Bay. His success led to the immigration of extended family members and friends from Riva Trigoso, Cottardo's village in Italy, creating a rich community of 60 Genovese fishing families. Commercial fishing then was conducted on rather small scales, and the women in these fishing families worked sewing the nets and canvas for the lateen sailboats used in the decades around 1900. The boats could be rowed or propelled by sails, though later were modified with engines, and were generally 18 to 24 feet long. Other, non-Italian, commercial fishing enterprises in Santa Cruz, such as the Perez family, frequently adopted lateen sailboats due to their stability. Commercial fishing in Santa Cruz primarily focused on larger fish such as sea bass, sole, and salmon as well as dungeness

crab. Over time, the Stagnaro's and other Santa Cruz fishing families diversified, opening many of the seafood restaurants in Santa Cruz, especially on the Municipal Wharf, and began offering excursions like deep-sea fishing.

David Kawānanakoa, Jonah Kūhiō Kalaniana'ole, and Edward Keli'iahonui Introduce Surfing to Santa Cruz (1885)

During the summer of 1885, David Kawānanakoa, Jonah Kūhiō Kalaniana'ole, and Edward Keli'iahonui crafted surfboards from local Santa Cruz redwoods and surfed in the mouth of the San Lorenzo River. The event was the first time surfing was documented outside of Hawai'i. The three brothers had been sent to study abroad at St. Matthew's Military School in San Mateo County by Hawai'i's royal family and the brothers' surfing excursion made waves in both Santa Cruz and Hawai'i. The Santa Cruz Surf reported that they were "giving interesting exhibitions of surfboard swimming" on July 20, 1885 and, 11 years later, reported that surfing had been picked up and practiced by locals. Once they returned to Hawai'i, the brothers brought their redwood boards with them, which become immensely popular and were the dominant material for surfboards in Hawai'i in the early 20th century. Surfing has since become synonymous with Santa Cruz, the original Surf City.

Santa Cruz Beach Boardwalk Constructed (1907)

Public bathhouses had sprung up along the beach near the mouth of the San Lorenzo River beginning in 1865. As they became more and more popular, other businesses opened up along side them, leading to increased development along



the main Santa Cruz beach. In 1904, local businessman Fred Swanton built the Neptune Casino in hopes of making Santa Cruz into the Coney Island of the west. After the casino burnt down in 1906, it was rebuilt in 1907 in addition to the Natatorium that, together, became the original Santa

Cruz Beach Boardwalk. Over the next decade and a half, some of the Boardwalk's iconic amusement rides were built, including the Loeff Carousel in 1911 and the Giant Dipper in 1924. In 1934, the Coconut Grove was built as a ballroom to expand the Boardwalk's attractions, and, following renovations to the casino in 1953, more rides and attractions like mini golf continued to be added. The Boardwalk was made

a California State Landmark in 1989 and both the Giant Dipper and Looff Carousel are National Historic Landmarks. Now the oldest amusement park in California, the Boardwalk celebrated its 100th anniversary in 2007 and, more recently, the 100th anniversary of the Giant Dipper in 2024.

Current Municipal Wharf Built (1914)

The current wharf was built in 1914 and is the sixth wharf in Santa Cruz history. At the time, two other wharfs, Pleasure Pier and the Railroad Wharf, were still standing, but by 1962 only the current Municipal Wharf was left. Built with over 2,000 70ft. long Douglas fir pilings sunk 21ft. into the ocean floor, the Municipal Wharf was constructed to be able to serve deep-water ships and was the longest



wooden wharf in the Western Hemisphere. Despite its origins as part of the shipping and fishing industries, the wharf gradually evolved to be more recreational, and was remodeled in the 1950s to more fully embrace its recreational use. Now, multiple restaurants, shops, and recreational businesses dominate the wharf and regular events bring in countless visitors. In recent years, severe winter storms have caused significant damage to the end of the wharf, resulting in the closure of the Dolphin Restaurant and ongoing construction to repair and maintain the wharf's structure.

Opening of the University of California, Santa Cruz (1965)

UC Santa Cruz opened in 1965 on part of the former Cowell Ranch with just one college, Cowell College, and has since expanded to encompass 12 colleges. Created as one of the most experimental colleges within the UC system, UCSC quickly became known as the counterculture campus with a prominent history of student and faculty activism against issues and events like the Vietnam War and connections to famous activists and scholars including Huey P. Newton and Angela Davis. In the university's early years, students received only narrative evaluations and no letter grades, but a more traditional letter grade system was instituted in the 1980s to help graduating students be more competitive on the job market and boost

FY 2027 Budget decreasing enrollment. In the same decade, the university also added NCAA Division III intercollegiate athletics, adopting the banana slug mascot in 1986. Throughout the university's history, UCSC faculty and students have contributed significantly to research in all fields, such as by completing the first draft of the human genome sequence in 2000. In 2025, the university celebrated its 60th anniversary with celebratory events throughout the year.

Loma Prieta Earthquake (October 17, 1989)

On the evening of October 17, 1989, a 6.9 magnitude earthquake struck near Loma Prieta Peak in the Forest of Nisene Marks State Park. In all, 63 people were killed and buildings were damaged as far as 70 miles away. The quake itself could be felt across the entire state. In Santa Cruz County, 6 lives were claimed, with half being killed when the Pacific Garden Mall, in downtown Santa Cruz, was severely damaged. 30 other buildings had to be demolished, mostly near downtown, changing the look of Pacific Avenue. Although the earthquake is most often remembered for disrupting the MLB World Series and its effects on the San Francisco Bay Area, its impact in Santa Cruz is still felt to this day.

Throughout its history, Santa Cruz has experienced both triumphs and tragedies, from devastating earthquakes and fires to periods of economic growth and development. Despite these challenges, the city has remained resilient and continues to be a vibrant and thriving community. Today, Santa Cruz is known for its beautiful beaches, vibrant downtown area, and rich cultural heritage.

Interested in learning more? The City maintains a timeline of the prominent events, people, and places in Santa Cruz's history at

www.santacruzca.gov/Government/About-Us/History-of-Santa-Cruz.

Climate

The City of Santa Cruz enjoys a mild Mediterranean-like climate throughout the year with average high temperatures in the mid-70's and average lows in the low-50's. There is an average of 300 days of sun in a year in Santa Cruz. From the beautiful beaches along the Pacific Ocean to the tall redwoods in the mountains, Santa Cruz offers a variety of outdoor-oriented activities. Year-round, residents and tourists can enjoy beach walking, surfing, hiking, biking, camping, golfing and more in Santa Cruz's mild weather.

Geography

The City of Santa Cruz is located along the Central Coast of California, on the northern edge of the Monterey Bay, approximately 74 miles south of San Francisco

and 30 miles west of San Jose. Comprising of only 12 square miles, it is nestled between the Santa Cruz Mountains and the Pacific Ocean. Santa Cruz lies at the north end of Santa Cruz County, is the county seat for the county, and the most populated city in the county.



Education

Students in public school from pre-kindergarten through 12th grade attend school in Santa Cruz City Schools districts. There are four elementary schools in the elementary district serving nearly 2,000 students. The secondary district includes two middle schools, two high schools, six alternative and charter schools, and 13 private schools. There are also numerous private education options at all grade levels.

University of California at Santa Cruz (UCSC) is a world class institution of higher education located in the foothills of Santa Cruz. With 64 academic programs, cutting-edge research, and a reputation for excellence, UCSC attracts students from all over the world. Total student enrollment for fall 2025 was 20,140.

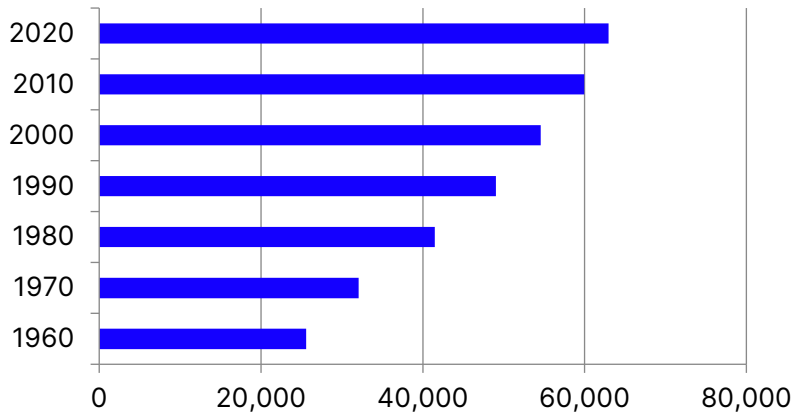


Demographics

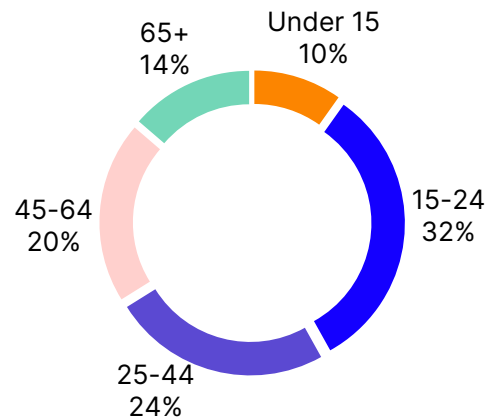
Population

As of January 1, 2025, the City's population was 62,972, according to the State Department of Finance (DOF). This was a 0.18% growth in population over the previous year. The table below, based on the Census in 2020 shows the growth over time in the City.

Santa Cruz Population Growth

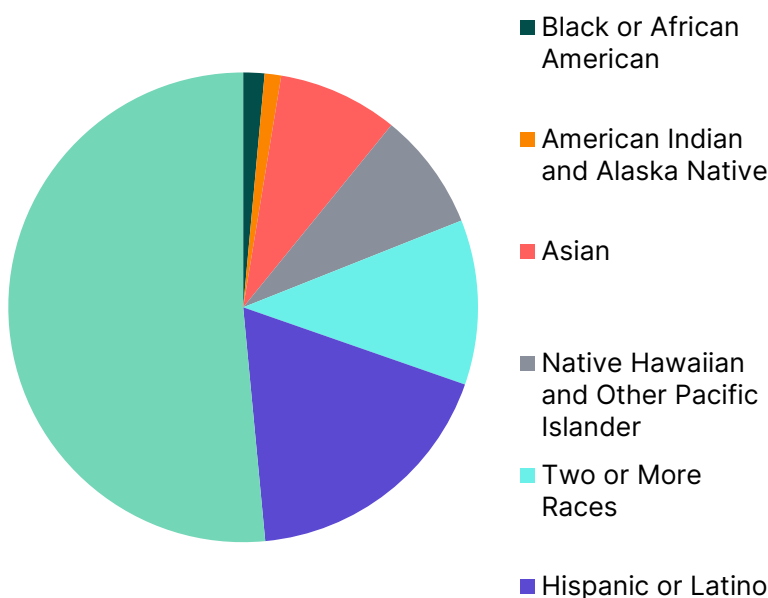


Age Distribution



As shown in the pie chart on the previous page, approximately one-third of the City's population is in the young adult age range of 15-24, which is largely attributable to the presence of the University of California, Santa Cruz within the City's boundary.

Ethnicity



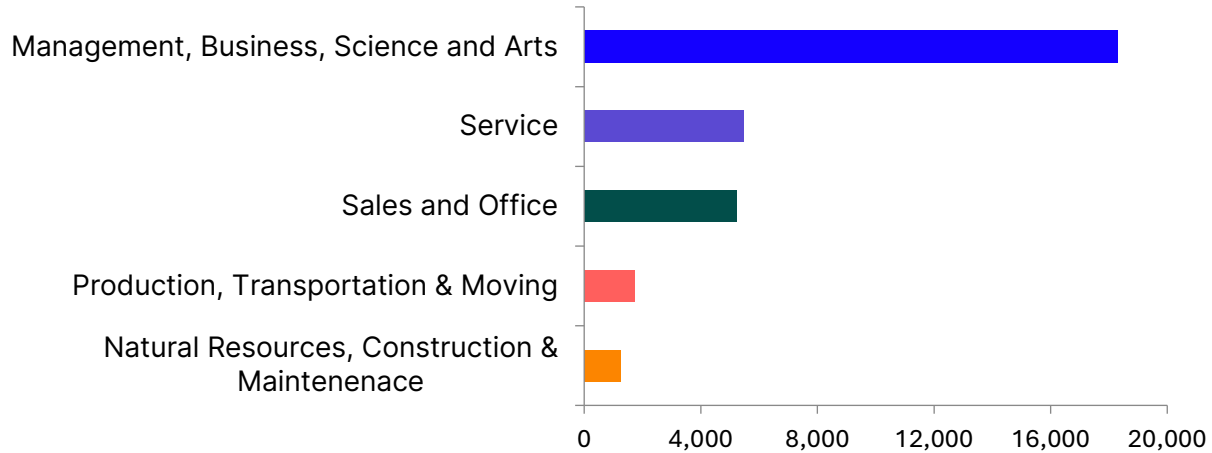
The ethnic composition of Santa Cruz is predominately people who are white, followed by people who are Hispanic or Latino, and then people who are of two or more races.

The age and ethnicity data shown are from the U.S. Census Bureau American Community Survey (ACS) 2019-2023 5-Year Estimates.

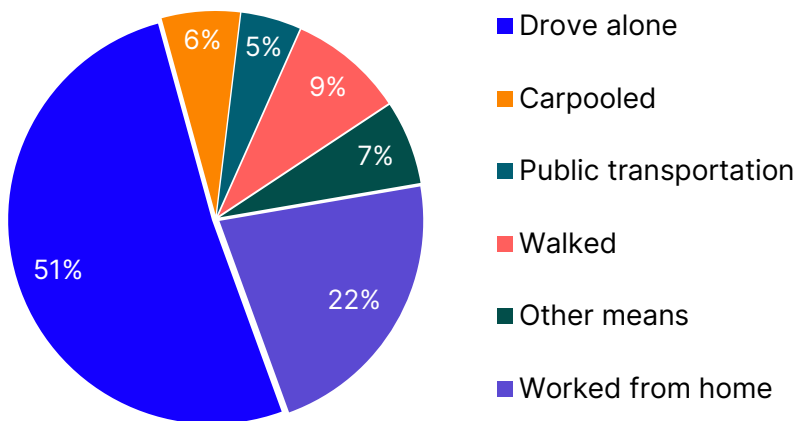
Employment

According to the California Employment Development Department, in 2025, the total employment figure was 32,400 and the unemployment rate was 5.7%.

Occupations



Commuting to Work



The main area of occupation for resident of the City is in "management, business, science and arts." Most residents arrive to work in a single-occupant vehicle trip, followed by 22% of individuals who work from home. This data comes from the U.S. Census Bureau American

Community Survey.

The University of California, Santa Cruz dominates as the top employer in the City's boundaries.

The per capita personal income of City residents is \$93,580 according to the U.S. Department of Commerce, Bureau of Economic Analysis as of February 2026.

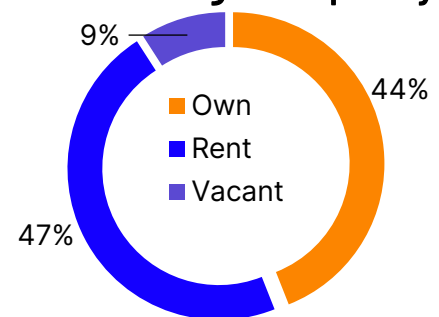
Santa Cruz Top 10 Employers (FY2025)	# of employees
University of California, Santa Cruz	8,349
County of Santa Cruz	2,775
City of Santa Cruz	962
Santa Cruz Nutritionals	510
Costco Wholesale Corp	314
Pacific Gas & Electric Company	297
Safeway Stores Inc.	224
Santa Cruz Beach-Boardwalk	186
Whole Foods Market	135

Economy, Housing and Education

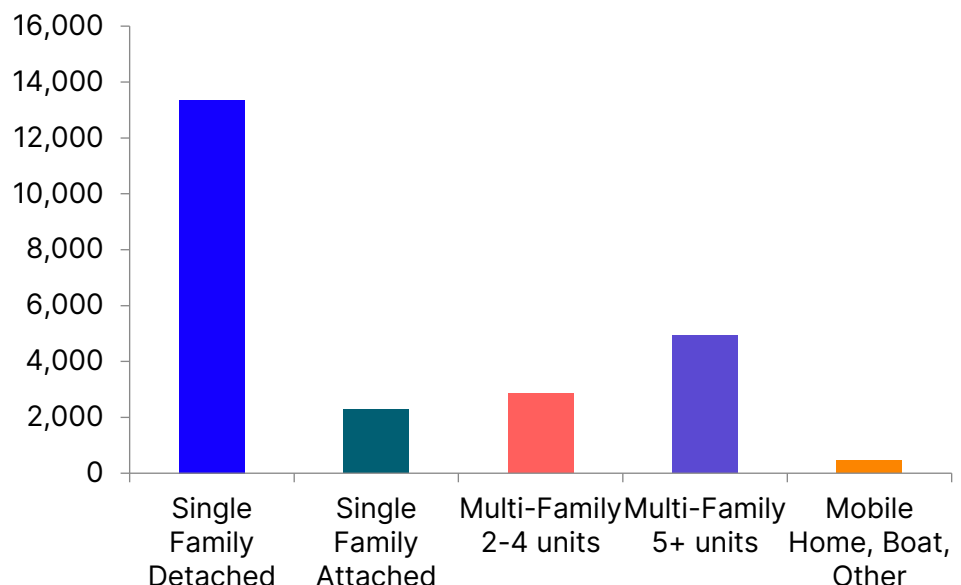
The largest industry group for the City is restaurants-hotels, followed by general consumer goods. The top two business types that generate the most sales tax for the City are casual dining and quick-service restaurants. Those are followed by service stations, grocery stores, and leisure/entertainment businesses.

In January 2026, the median home sales price was \$1,487,500 according to the Santa Cruz County Association of REALTORS. The majority of Santa Cruzans rent their home and live in a single family, detached housing unit.

Housing Occupancy

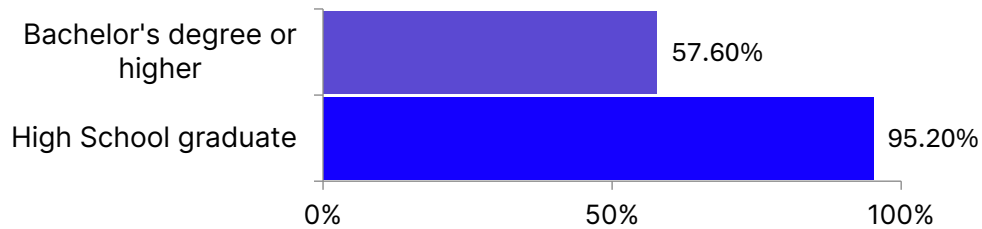


Housing Units



The overwhelming majority of the population of Santa Cruz over the age of 25 are high school graduates. The majority of have a bachelor's degree or higher, at a rate of 57.6%. This compares with the statistics of the state of California, where 84.7% of adults have graduated from high school and 38% have a bachelor's degree or higher.

Education



Interested to find out more? The Office of Economic Development maintains a website at choosesantacruz.com/data that features Santa Cruz by the Numbers, which provides data on quality-of-life factors about our City.

Form of Government/Services

The City of Santa Cruz operates under the council-manager form of government. Policy-making and legislative authority are vested in a seven-member governing council, consisting of the mayor and six councilmembers who are elected on a non-partisan basis. On June 7, 2022, voters in the city amended the city charter to require a directly elected at-large mayor and six council district elections. The mayor is elected by all voters of the city and serves a four-year term. Councilmembers are elected by the electors of each of the six districts and serve four-year staggered terms. Mayor and councilmembers may serve no more than two terms consecutively. The City Council is responsible, among other things, for passing ordinances, adopting the budget, approving nominees to commissions, and hiring the City Manager, City Clerk, and City Attorney. In 2011, the City Manager was designated as the City Clerk.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the city, and for appointing department heads.

The City of Santa Cruz is a full-service City, providing a broad range of services including police and fire protection; construction and maintenance of streets, parks, flood control, and other infrastructure; a wharf facility; and recreational and cultural activities including a performing arts center and human services programs. It operates four municipal utilities, including water, wastewater, storm water, and refuse collection/landfill operations, as well as enterprise operations for parking

facilities. The water utility provides water service beyond the municipal boundaries and has a total service population of approximately 98,000.

Before the February 1, 2012, elimination of the city's legally separate Redevelopment Agency, the city elected to serve as the successor agency for the Redevelopment Agency's operations, including housing operations. As the successor agency, the city is responsible for winding down operations, paying off debt service, and completing certain remaining infrastructure construction and community development activities as included in the Recognized Obligation Payment Schedule (ROPS).

Many major public services delivered within the city's boundaries, such as education and public transportation, are provided by other public agencies. Library services are provided through a Joint Powers Authority agreement that includes the cities of Santa Cruz, Capitola, and Scotts Valley and the County of Santa Cruz.

Appropriations provide for expenditures that will be incurred and encumbrances that will be established during the fiscal year. Council policy establishes appropriation control at the department and fund level. Changes in appropriations within the same department and fund may be approved by the City Manager, transfers greater than \$100,000 between Capital Investment Program projects must be approved by council. The City Manager is also authorized to accept and appropriate donations and grants of up to \$100,000 for projects and programs previously approved by the City Council. All transfers between funds or departments must be approved by City Council.

Major Revenue Sources

The City's major revenues sources are projected using a combination of an analysis of historic trends, current and future indicators, and external sources like the County of Santa Cruz, the State Budget, State Legislative Analyst Office, League of California Cities, and sales tax consultants.

Taxes

The City's major tax revenues include property tax, sales and use taxes, utility users tax, and transient occupancy (hotel) tax. The Budget Discussion section of this document includes charts showing revenue history.

As with other charter cities in California, the City of Santa Cruz has limited ability to set tax rates. The State constitution, under the provisions of Proposition 13 passed by the voters in 1978, establishes a maximum rate for property tax and limits the growth of assessed value. The constitution sets the limit for increases of the property tax rate to 2% per year, but upon sale, market value becomes the assessed value. The property tax collected is allocated among the jurisdictions in the City's tax rate areas based on criteria established by the State legislature. The rates and

FY 2027 Budget tax base of two of the City's other general revenues, sales and use tax and motor vehicle in lieu fees (VLF), are also controlled by the Legislature.

Changes to existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters while taxes levied for specific purposes require a two-thirds majority of voters. Assessments must be approved by a majority vote with voting rights apportioned based on the amount of the assessment. Property-related fees require public majority protest procedures and property-related fees for services other than water, wastewater, and refuse must also be approved by a majority of property owners or two-thirds of the electorate.

Ballot measures approved by City voters include the following:

- November 2024 - Measure Z. Imposed a tax of two cents per fluid ounce on the distribution of sugar sweetened beverage products.
- March 2024 - Measure L. Increased the local Sales Tax from 9.25% to 9.75%.
- November 2022 - Measure P. Increased the Transient Occupancy Tax from 11% to 12% for hotels/motels/inns, and from 11% to 14% for short-term residential vacation rentals, effective January 2023.
- June 2021 - Measure A. Increased the allocation of cannabis sales tax revenue to the Children's Fund from 12.5% to 20%.
- June 2018 - Measure S. Increased the local Sales Tax from 9% to 9.25%.
- November 2016 - Measure D. County Transportation Tax. Impose a half-cent sales tax for 30 years for safety, pothole repair, traffic relief, and transit improvement.
- November 2016 - Measure L. Cannabis Business Tax. Impose a tax of no more than 10% on gross receipts of cannabis (marijuana) businesses in the city.
- June 2016 - Measure S. Community Facilities District Library Bond. Authorize parcel tax on real property and authorize bonds to be issued by the Santa Cruz Libraries Facilities Financing Authority.
- November 2012 - Measure Q. Increased the Transient Occupancy Tax from 10% to 11%, effective in July 2013.
- November 2010 - Measure H. Increased the Utility Users Tax from 7% to 8.5%, effective in spring 2011.
- November 2008 - Measure E. Clean River, Beaches, and Ocean special parcel tax.
- Imposed a parcel tax to be used to protect public health and wildlife habitat in the river, bay, and ocean.
- November 2006 - Measure H. Increased the local transactions and use tax from the 0.25% authorized by Measure F in March 2004, to 0.5%, and removed the sunset clause.

- August 2005 - Measure X. Water, Sewer, and Refuse franchise taxes imposed to replace comparable franchise fees that had been discontinued because they were determined to be taxes rather than fees.
- March 2004 - Measure F. Increased local transactions and use tax by 0.25%, with a sunset clause to end the additional tax after five years.

Fees & Charges for Services

Fees for services, the City's next largest major revenue source, are subject to requirements that they be set at levels that do not exceed the reasonable costs of providing services. Fund balances generated by differences between fee revenue and related expenses are retained and designated for services and facilities that benefit fee payers.

Budget Preparation and Review Process

Under the City Charter, the fiscal year of the City begins on the first day of July of each year. The City Manager is responsible for preparing the annual budget and submitting it to the Council for adoption.

As part of the budget process, all City departments submit budget requests for the next fiscal year. These requests are consolidated by the Finance Department and reviewed by the City Manager to ensure that requests and departmental objectives are consistent with the City's overall goals. The City Manager then presents to the City Council a structurally balanced budget that supports financial sustainability multiple years into the future. As required by the Charter, this budget is transmitted to the City Council and made available to the public for review no later than the first Council meeting in June. Budget hearings are conducted in May, before final adoption of the budget by the City Council no later than the first regular Council meeting in June to allow the new budget to be integrated into the city's financial system by July 1.

Starting with the FY 2026 Annual Budget development, a public webinar has been held by members of the Finance Department to review the proposed budget and inform interested individuals of the major components of the budget. This overview is intended to inform the public so that they can engage in the public hearing process that occurs in the month of June.

After the budget is adopted, budget amendments are presented to City Council when new appropriations are needed. The City Council also reviews budget results at mid-year and budget adoption. The ongoing review and long-range planning focus for financial management provides numerous opportunities to identify and respond to changes in revenues and expenditures and in community priorities.

Budget Preparation and Review Process Calendar



Roles and Responsibilities During the Budget Process

Month	Residents	Mayor & City Council	City Administration
<i>July-Oct.</i>	Input on budget priorities and direction through direct contact with Mayor and City Council, community surveys and meetings.	Annual progress report of the Citywide Strategic Plan.	Budget schedule and guidelines provided to Departments. Capital Investment Program (CIP) preparation begins.
<i>Nov.</i>			CIP strategic planning and review.
<i>Dec.</i>		Review and approval of ACFR providing an understanding of the fiscal status and condition of the City.	
<i>Jan.</i>		Audit results presented to the City Council. Ongoing discussions of budget priorities based on input from community and staff.	Presentation of prior year financial results to City Council and community. Budget guidance provided to Departments at annual Budget Kick-off.

Month	Residents	Mayor & City Council	City Administration
<i>Feb.</i>			Current year-end estimates and next year department requests due to Finance Department.
<i>Mar.</i>			Presentation of current year financial projections to City Council and community. Midyear budget adjustment is presented to City Council. Department meetings with City Manager, Assistant City Manager, Human Resources, and Finance to review next year's requests. CIP study session.
<i>April</i>	City commissions review budget plans for the upcoming fiscal year, as prepared by supporting City staff.		
<i>May</i>	Attend and participate in the budget webinar prepared for City residents (on May 19, 2026 at 6:00 pm). Budget Hearings open to the public.	Budget Hearings and discussions, review.	Proposed budget compiled and made available online. Presentation of operating and CIP budgets to City Council and community.
<i>June</i>	Budget Adoption during a City Council meeting that is open to the public.	Changes made per direction from Council and Council adoption of Annual Budget and approval of Capital Investment Program (CIP).	Changes made per direction from hearings and Final Budget Adoption.

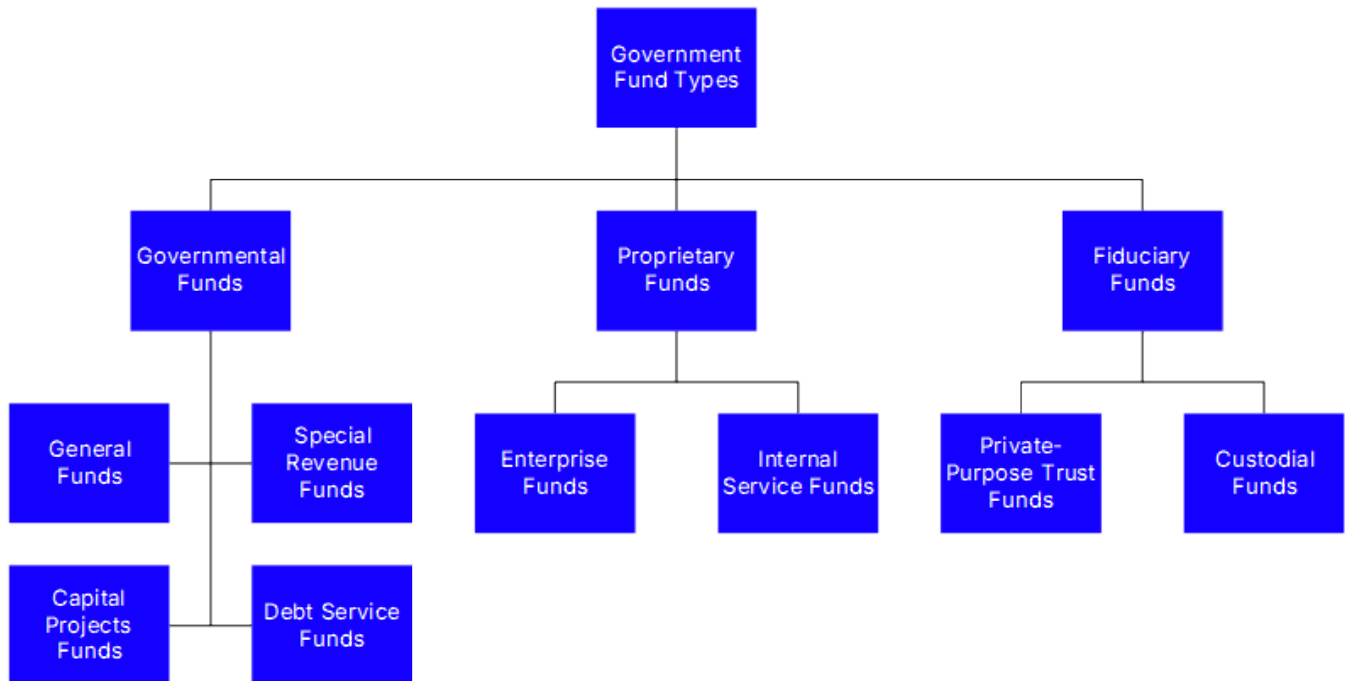
Budget Basis – Basis of Accounting

The City Council adopts a structurally balanced budget as required by Council Budgetary Policy 12.3. The City uses a modified accrual basis of accounting in preparing the budget for both Governmental and Proprietary funds. The modified accrual basis is consistent with how the Governmental Funds are reported in the City's Annual Comprehensive Financial Report (ACFR) fund statements; however, the Proprietary Funds (Enterprise and Internal Service Funds) are reported on a full accrual basis in the annual report. For an example of how the ACFR reconciles to the Budget, see the explanation and example listed in the Appendices section of this document called Differences Between the ACFR and the Budget Document. Fiduciary Funds (Trust and Agency Funds) are not reported in the annual budget.

Under "modified accrual basis," amounts are recognized as revenue when earned, so long as they are collectible within two months after the end of the fiscal period to be used to pay liabilities of the current period. Encumbrances that are outstanding at year-end are re-appropriated in the next year.

Fund Structure

For accounting purposes, a local government is not seen as a single, integral entity, but instead, it is often viewed from a financial perspective as a collection of smaller, separate entities known as "funds." There are three broad classifications for the funds traditionally used by a government: governmental funds, proprietary funds, and fiduciary funds. Within these classifications, the City utilizes nine fund types, as shown in the chart below.



Governmental financial reporting requires that individual funds be identified as "major" or "nonmajor," with major funds reported separately while nonmajor funds may be consolidated. To be considered a major fund, the fund's revenues or expenditures must represent 10% or more of the total revenues or expenditures for the fund type and 5% of the total for all governmental and enterprise funds combined. The following is a listing of the City's funds, with each major fund described and identified with an asterisk (*). If a fund title is followed by a number in parentheses, then multiple funds with similar titles and purposes exist and are grouped together for this presentation.

Governmental Funds

Most of the City's programs and functions are provided and financed through the following governmental funds, which are focused on the acquisition, use and balances of the City's expendable financial resources and the related current liabilities. Governmental Funds use the modified accrual method of accounting and are focused on financial position, rather than on determining net income.

Description of Major Governmental Funds

Primary General Fund- This fund is used to account for the general tax dollars received by the City that pay for its wide range of services, such as recreation, public safety, community development, and administration.

RDA Successor Agency Low & Moderate Income Housing Fund- This fund is used to account for housing assets transferred from the former Redevelopment Agency to the City as a housing successor.

General Capital Investment Projects Fund- This fund is used to account for capital investment program projects that are planned for, coordinated, and executed by the City's General Fund departments.

Governmental Funds	
General Funds	
Primary General Fund*	CASp Certification and Training Fund
Municipal Wharf Fund	Street Tree Fund
General Plan Update Reserve Fund	City Public Trust Fund
Green Building Educational Resource Fund	City Stabilization Reserve
Civic Equipment Maintenance / Replacement	Carbon Reduction Fund
Co-op Retail Management	Economic Development Trust Fund
Kiosk Maintenance	Housing In-Lieu Program
Code Enforcement/Civil Penalties	DeAnza Hardship Fund
Cannabis Children's Fund	Contributions and Donations
	Interest Holding
Special Revenue Funds	
Supplemental Law Enforcement Services	Parks & Rec Tax Combined Fund
Traffic Offender	HOME Funds (3)
Police Asset Seizure	Community Development Block Grant
Asset Seizure/Youth Crime Prevention	Red Cross Housing Reconstruction
State Highway Funds	Loan Repayment
Gasoline Tax	First Time Home Buyers (2)
	Affordable Housing Trust Fund

Governmental Funds	
Traffic Congestion Relief 2016 Transportation Measure D Traffic Impact Fee Fund Clean River, Beaches & Ocean Tax Fund Public Safety Impact Fees Childcare Impact Fee Parks Quimby Act Funds (4)	RDA Successor Agency Low & Moderate Income Housing Fund* Transportation Development Act American Rescue Plan Act State Homelessness Response Program Technology Surcharge
Capital Projects Funds	
General Capital Investment Projects* Capital Investment Public Art Fund Sidewalk Construction In-Lieu Fund Santa Cruz Library	Street Maintenance, Rehabilitation and Improvements Wharf Tenant Capital Improvement Contrib. Information Technology
Debt Service Funds	
GO (General Obligation) Bonds	Lease Revenue Bonds

Proprietary Funds

The City's Proprietary Funds include both Enterprise and Internal Service Funds. Enterprise Funds are similar to private sector enterprises in that the costs of providing services are recovered through financing and/or user fees and charges rather than through taxes or similar revenues. Internal Service Funds are used to report on activities that provide goods or services to other funds or departments in the City on a cost-reimbursement basis.

Description of Major Proprietary Funds

Parking Fund- This fund accounts for the activities of the Downtown Parking District, which provides parking facilities in the downtown area.

Refuse Fund- This fund accounts for the activities of the City's refuse utility, which provides refuse pick-up services, recycling services, and a sanitary landfill for residents of the City.

Water Fund- This fund accounts for the activities of the City's water utility, which provides water delivery services to the residents of the City and some residents of the county.

Wastewater Fund- This fund accounts for the activities of the City's wastewater utility, which provides wastewater collection and treatment services to the residents of the City and some residents of the county.

Proprietary Funds	
Enterprise Funds	
Parking*	Water*
Parking Public Art	Water Rate Stabilization
Refuse*	Water Public Art
Refuse Landfill Closure	Water System Development Fees
Refuse Landfill Post Closure Maintenance	Water Emergency Reserve
Refuse Public Art	Water June Beetle Endowment
Storm Water	Water Equipment Replacement Fund
Storm Water Overlay	Wastewater*
Storm Water Public Art	Wastewater Public Art
Internal Service Funds	
Equipment Operations	Group Health Insurance
Workers' Compensation Insurance	Unemployment Insurance
Liability Insurance	

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not available to support the City's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

Description of Major Fiduciary Fund

Library Joint Powers Authority- The Library Joint Powers Authority was established for operations of the former City/County library system. The financial activities of the assets for this entity are held by the City in a custodial capacity.

Fiduciary Funds	
Private-Purpose Trust Funds	
Library JPA Trust Funds	Robert Leet-Corday Estate
McCaskill- Local History	RDA Successor Agency Trust Funds
Custodial Funds	
Library Joint Powers Authority (13)	

Department and Fund Relationship

The City’s Annual Budget is organized by the Department Summary—showing expenditures by character, expenditures by activity (program), and resources by fund. Following the Department Summary is the Activity Summary—showing expenditures by activity and activity resources by revenue category for each of the department’s programs. A portion of the City’s General Fund supports all departments except for the Water Department and the enterprises in the Public Works department. That specific percentage of General Fund support is identified in the “Primary General Fund Budget Net of Program Revenues” chart shown on the in the “Primary General Fund Budget and General Revenues” document in the Budget Discussion.

The following list shows the City Department and their supporting fund(s):

Department	Funds
City Attorney	General Fund
City Council	General Fund City Public Trust Fund
City Manager	General Fund Cannabis Children’s Fund Carbon Reduction Fund Opioid Settlements Fund
City Non-Department	General Fund
Community Development	General Fund Green Building Educational Resource Fund CASp Certification and Training Fund Childcare Impact Fee Home Rehabilitation Fund Home Acquisition Projects Fund Home Investment Partnership Technology Surcharge
Finance	General Fund City Stabilization Reserve Group Health Insurance Liability Internal Service Fund Unemployment Insurance

Department	Funds
Fire	General Fund Public Safety Impact Fee- Fire Municipal Wharf Fund
Human Resources	General Fund Workers Compensation Internal Service
Information Technology	General Fund Information Technology Internal Service Fund
Parks and Recreation	General Fund Civic Equipment Maintenance/Replacement Disaster Recovery Municipal Wharf Fund Parks Tax Fund Quimby Tax Funds Street Tree Fund Water & Wildlife Protection Initiative Fund
Office of Economic Development	General Fund Affordable Housing Trust Fund Co-Op Retail Management Community Development Block Grant Economic Development Trust Fund Former RDA Funds Grant Loan Programs IIG-AHSC Kiosk Maintenance Fund Public Art Capital Improvement Project Funds Red Cross Housing Reconstruction Loan Repayment Successor Agency (H) LMIH-Merged 2-1-12 Wharf Tenant Capital Improvement Contributions

Department	Funds
Police	General Fund Asset Seizure/Youth Crime Prevention Police Asset Seizure Public Safety Impact Fee- Police Supplemental Law Enforcement Services Traffic Offender
Public Works	General Fund CIP- Sidewalk Construction In-Lieu Fund CIP- Street Maintenance & Rehabilitation Clean River, Beaches, & Oceans Tax Fund Equipment Operations Internal Service Fund Gasoline Tax Fund Municipal Wharf Fund Parking Enterprise Funds Refuse Enterprise Funds Road Maintenance Rehab Account Storm Water Enterprise Funds Traffic Impact Fund Transportation Development Act Fund Wastewater Enterprise Funds
Water	Water Enterprise Funds Water Utility Customer Assistance Program