

Audited Net Position of the Enterprise Funds

For the Year Ended June 30, 2024

	Beginning of Year Net Position for the Year Ended June 30, 2024	Total Operating Revenues	Total Operating Expenses	Total Nonoperating Revenues (Expenses)	Total Transfers	End of Year Net Position for the Year Ended June 30, 2024
Water	112,857,406	49,632,965	39,068,975	(694,174)	(312,121)	122,415,101
Wastewater	82,704,546	27,497,489	32,135,818	2,844,761	(653,88)	80,257,090
Refuse	21,087,486	25,054,649	29,081,558	1,641,737	(53,479)	18,648,835
Parking	4,814,807	7,093,432	7,687,073	275,901	(49,971)	4,447,096
Storm Water	8,244,020	893,049	2,102,756	592,679	208,436	7,835,428
Total Enterprise Funds	229,708,265	110,171,584	110,076,180	4,660,904	(861,023)	233,603,550

Further details on the information in the table above can be found in the City of Santa Cruz's 2024 [Annual Comprehensive Financial Report](#), beginning on page 46.



Differences Between ACFR and Budget Actuals

Openness is the spirit of our attitude and the approach to all that we do in the City of Santa Cruz. Our financial plans for the fiscal year, as exemplified in this budget document, are one way that we provide transparency. An additional method we use is our annual financial report. Our openness and accountability through our external financial statements is the way in which we ensure our community has taxation with representation.

We welcome our budget document readers to read our Annual Comprehensive Financial Report ("ACFR" or "Annual Report"), which is a complete set of the City of Santa Cruz's financial statements, presented in conformance with generally

FY 2026 Budget accepted accounting principles (GAAP) and audited by a firm of licensed certified public accountants, The Pun Group, LLP. Various financing covenants and regulations associated with restricted funding sources require that we issue and publish the ACFR each fiscal year.

The Annual Comprehensive Financial Report for the past six years may be found [here](#).

Please note that there are differences between the annual budget and the ACFR because there are two perspectives of the data, and these two documents serve different purposes. The budget is a plan for a future fiscal year, showing how general revenues will be allocated. The Annual Report provides the actual results of the prior year's financial activities. Both documents use the modified accrual basis of accounting for Governmental funds (General Fund, CIP, Special Revenue) but Business Type funds (Enterprise and Internal Service) use a modified accrual basis in the budget document and a full accrual basis in the ACFR. This difference in accounting basis results in some significant differences between the two documents, particularly in the way long term assets and liabilities such as capital assets, debt, and pension costs are recorded. For example, in the budget document, Enterprise funds recognize payment of long-term obligations in the period in which the disbursements are made. In the Annual Report, payment of these long-term obligations by Enterprise funds is not recorded as an expense but rather as a reduction in the long-term liability. In the case of fixed assets, the budget will expense these assets in the year they are purchased. The ACFR spreads the cost out over several years using depreciation to represent use of the asset over its lifetime.

These differences in our annual budget and Annual Report can prove to be frustrating when one expects our documents to represent our finances in an identical way. There is, though, consistency and logic in our reporting in both documents and they accurately present our finances in their differing ways. Our most recent Annual Report earned a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and our annual budget for the past fiscal year earned the Distinguished Budget Presentation Award. We strive towards excellence in providing high-quality financial reports to our constituents and the public.

The next section provides a reconciliation between the ACFR and the Budget for all our Enterprise Funds for fiscal year 2024.



Water

Reconciliation of FY 2024 ACFR to FY 2024 Expenditures Reported in FY 2026 Budget

FY 2024 ACFR		Differences		FY 2024 Actuals Reported in FY 2026 Budget	
Personnel Services	17,548,716	GASB 68/75 & Compensated Absences	(1,243,254)	16,305,462	Personnel Services
Services	10,821,526	GASB 87 & 96	181,944	11,003,470	Services
Supplies	3,254,323	GASB 96 Subscription	48,066	3,302,389	Supplies
Other supplies & Services	1,635,088	Capitalized expenditures	(219,087)	1,416,001	Other materials & services
Capital Outlay	-	Capital assets	263,344	263,344	Capital Outlay
Total Services, Supplies, & Other Charges	33,259,653		(968,987)	32,290,665	Total Services, Supplies, & Other Charges
Depreciation and Amortization	5,809,322	Non-budgetary items	(5,809,322)	-	Depreciation and Amortization
Total Operating Expenses	39,068,975	Total Operating Expenses	(6,778,309)	32,290,666	Total Operating Expenses
Interest/fiscal charges on debt	4,154,761	Principal offset & deferred issuance costs	1,587,659	5,742,420	Interest/fiscal charges on debt
Transfers	312,121		(312,121)	-	Transfers
TOTAL	43,535,857		(5,502,771)	38,033,086	

Wastewater

Reconciliation of FY 2024 ACFR to FY 2024 Expenditures Reported in FY 2026 Budget					
FY 2024 ACFR		Differences		FY 2024 Actuals Reported in FY 2026 Budget	
Personnel Services	11,446,837	GASB 68 Pension & Compensated Absences	(1,213,724)	10,233,113	Personnel Services
Services	7,433,026	GASB 75 OPEB, GASB 87 Leases	30,871	7,463,897	Services
Supplies	3,845,196			3,845,196	Supplies
Other materials & Services	4,382,041	Capitalized expenditures	(3,859,213)	522,828	Other materials & services
Capital Outlay	-		6,493,988	6,493,988	Capital Outlay
Total Services, Supplies, & Other Charges	27,107,100		1,451,922	28,559,022	Total Services, Supplies, & Other Charges
Depreciation and Amortization	5,028,718	Non-budgetary items	(5,028,718)	-	Depreciation and Amortization
Total Operating Expenses	32,135,818	Total Operating Expenses	(3,576,796)	28,559,022	Total Operating Expenses
Interest/fiscal charges on debt	95,333	Principal deferred costs	79,985	175,318	
Transfers	653,888	offset & issuance	28,030	681,918	
TOTAL	32,885,039		(3,468,781)	29,416,258	

Refuse

Reconciliation of FY 2024 ACFR to FY 2024 Expenditures Reported in FY 2026 Budget

FY 2024 ACFR		Differences		FY 2024 Actuals Reported in FY 2026 Budget	
Personnel Services	14,593,667	GASB 68/75 & Compensated Absences	(1,683,230)	12,910,437	Personnel Services
Services	8,955,349	GASB 87 & 96	(178,988)	8,776,361	Services
Supplies	658,453		-	658,453	Supplies
Other supplies & Services	2,428,314	Capitalized expenditures	(807,819)	1,620,495	Other materials & services
Capital Outlay	-	Capital assets	2,414,438	2,414,438	Capital Outlay
Total Services, Supplies, & Other Charges	26,635,783		(255,599)	26,380,184	Total Services, Supplies, & Other Charges
Depreciation and Amortization	2,445,775	Non-budgetary items	(2,445,775)	-	Depreciation and Amortization
Total Operating Expenses	29,081,558	Total Operating Expenses	(2,701,374)	26,380,184	Total Operating Expenses
Interest/fiscal charges on debt	6,347	Principal offset & deferred issuance costs	(4,589)	1,758	Interest/fiscal charges on debt
Transfers	53,479		-	53,479	Transfers
TOTAL	29,141,384		(2,705,963)	26,435,421	



Parking

Reconciliation of FY 2024 ACFR to FY 2024 Expenditures Reported in FY 2026 Budget

FY 2024 ACFR		Differences		FY 2024 Actuals Reported in FY 2026 Budget	
Personnel Services	3,870,152	Compensated Absences, OPEB	(216,916)	3,653,236	Personnel Services
Services	2,409,581	GASB 87	87,951	2,497,532	Services
Supplies	199,895			199,895	Supplies
Other supplies & Services	474,439	Capitalized expenditures	36,365	510,804	Other materials & services
Capital Outlay	-		2,933,165	2,933,165	Capital Outlay
Total Services, Supplies, & Other Charges	6,954,067	Total Services, & Other Supplies, Charges	2,840,565	9,794,632	Total Services, Supplies, & Other Charges
Depreciation and Amortization	733,006	Non-budgetary items	(733,006)	-	Depreciation and Amortization
Total Operating Expenses	7,687,073	Total Operating Expenses	2,107,559	9,794,632	Total Operating Expenses
Interest/fiscal charges on debt	64,922	Principal offset & deferred issuance costs	5,971	70,893	Interest/fiscal charges on debt
Transfers	54,971	Intra Entity Transfers	3,149	58,120	Transfers
TOTAL	7,806,966	Total	2,116,679	9,923,645	Total

Stormwater

Reconciliation of FY 2024 ACFR to FY 2024 Expenditures Reported in FY 2026 Budget

FY 2024 ACFR		Differences		FY 2024 Actuals Reported in FY 2026 Budget	
Personnel Services	162,737	GASB 68/75 & Compensated Absences	25,849	188,586	Personnel Services
Services	94,585		-	94,585	Services
Supplies	13,667		-	13,667	Supplies
Other supplies & Services	1,029,759	Capitalized expenditures	(672,370)	357,389	Other materials & services
Capital Outlay	-	Capital assets	752,247	752,247	Capital Outlay
Total Services, Supplies, & Other Charges	1,300,748		105,726	1,406,474	Total Services, Supplies, & Other Charges
Depreciation and Amortization	802,008	Non-budgetary items	(802,008)	-	Depreciation and Amortization
Total operating expenses	2,102,756	Total Operating Expenses	(696,282)	1,406,474	
Interest/fiscal charges on debt	77,627	Principal offset & deferred issuance costs	318,079	395,706	Interest/fiscal charges on debt
Transfers	208,436		-	208,436	Transfers
TOTAL	2,388,819		(378,203)	2,010,616	