

VCF BUDGET City-County
County's economy
worse than feared
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The economic outlook for Santa Cruz County government will be worse than expected, County Auditor Gary Knutson said in a report to supervisors today.

The coming year "will be considerably more precarious than envisioned" because of decreased revenue and increased demand for services, Knutson said.

Because of the recession, Knutson said, the county can expect less sales tax, less interest on its reserves, less hotel tax, and less motor vehicle tax. Property tax revenue will be down because fewer people will pay on time, he said.

Already, the county's reserve fund is being depleted. On June 30, 1991, Knutson said, the coun-

ty's general fund balance was \$34,331, down \$960,000 from the prior year.

Actions by the state will have an impact on the county, Knutson said. In 1991 the state Legislature changed financing procedures for county government, courts, public health, mental health, social services and children's services.

Instead of receiving a fixed amount from the state to provide these services, counties now get a fixed percentage of new taxes collected by the state.

Because the money from these new taxes isn't received as soon as the services must be provided, counties must make arrangements to pay the bills before the tax money is received.