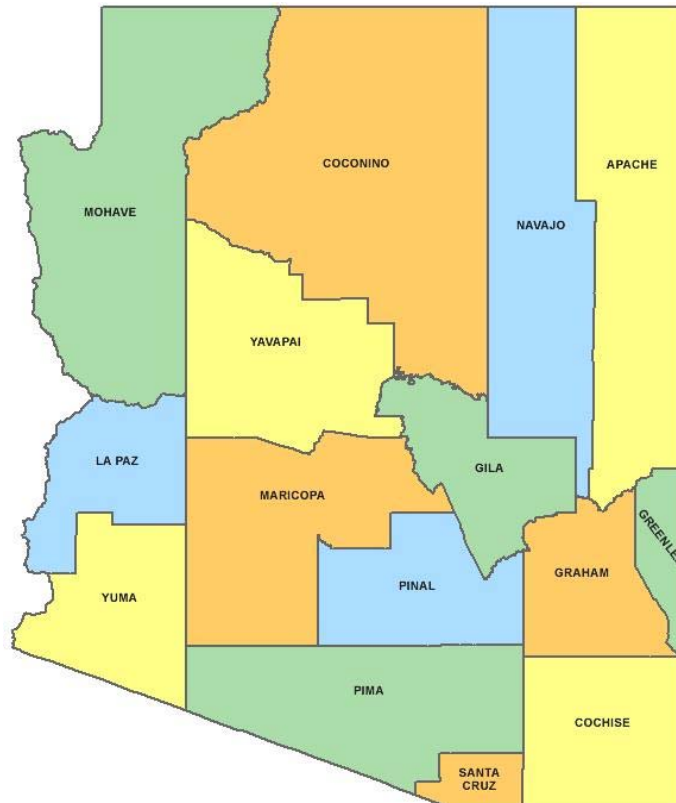


# Analysis of Arizona County Budgets



**Fiscal Year 2012**

**ARIZONA TAX RESEARCH ASSOCIATION**

*The taxpayer's watchdog for 71 years*

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## Introduction to County Budgets

The challenges faced by Arizona's counties in FY 2012 included revenue and expenditure shifts from the state (over \$94 million), as well as the uncertainty of sales tax and other general fund revenues. The counties absorbed this year's fiscal impacts mainly by either increasing property taxes or by drawing down their significant cash balances that had accumulated prior to the economic downturn. Overall, county general fund budgets changed only slightly in FY 2012, with fluctuations in budgets ranging from a decrease of 10.3% to an increase of 7%, and total county budgets dropping 3.3%.

### GENERAL FUNDS

Statewide, county general fund budgets decreased just \$318,924, as a result of eight counties decreasing and seven counties increasing their budgets. Coconino County had the largest increase in its general fund budget of 7% (\$4.4 million). Greenlee and Yavapai Counties also had significant increases in their general fund budgets of 6.7% (\$615,854) and 6.5% (\$5.3 million), respectively. Apache County, on the other hand, reduced its budget 10.3% (\$2 million). The reduction in Apache's general fund budget was largely the result of a reduction in the county's contingency fund, which was used to transfer cash from the general fund to pay off the county's Greater Arizona Development Authority (GADA) loan. La Paz County trimmed its budget 9% (\$1.2 million), followed by Pinal County with a 3.7% (\$7.3 million) drop in its general fund budget.

County	FY 2011	FY 2012	\$ Change	% Change
Apache	\$18,985,039	\$17,021,306	-\$1,963,733	-10.3%
Cochise	\$77,857,021	\$81,552,007	\$3,694,986	4.7%
Coconino	\$63,536,805	\$67,955,736	\$4,418,931	7.0%
Gila	\$47,601,444	\$46,461,076	-\$1,140,368	-2.4%
Graham	\$19,344,609	\$19,220,684	-\$123,925	-0.6%
Greenlee	\$9,144,911	\$9,760,765	\$615,854	6.7%
La Paz	\$13,895,075	\$12,646,826	-\$1,248,249	-9.0%
Maricopa	\$1,164,582,650	\$1,155,761,404	-\$8,821,246	-0.8%
Mohave	\$81,946,277	\$84,098,134	\$2,151,857	2.6%
Navajo	\$38,847,148	\$38,692,033	-\$155,115	-0.4%
Pima	\$487,666,759	\$491,653,455	\$3,986,696	0.8%
Pinal	\$197,443,406	\$190,104,408	-\$7,338,998	-3.7%
Santa Cruz	\$25,925,726	\$25,814,499	-\$111,227	-0.4%
Yavapai	\$80,506,227	\$85,772,031	\$5,265,804	6.5%
Yuma	\$76,153,715	\$76,603,524	\$449,809	0.6%
<b>TOTAL</b>	<b>\$2,403,436,812</b>	<b>\$2,403,117,888</b>	<b>-\$318,924</b>	<b>0.0%</b>

### *Property Taxes*

Two main components of a county's general fund are sales and property tax revenues. In FY 2012, revenue estimates for state-shared and the county local sales taxes are more optimistic than last year. The anticipated rebound in sales tax revenues is a good sign, especially for counties seeking recovery from a reduced property tax base brought on by the recession. The changes in primary property taxes levied by the counties, on the other hand, were inconsistent throughout the state.

Despite the 14.7% drop in primary values, the average change in primary levies adopted by the counties decreased only 4.3% or \$46.8 million. A year by year comparison shows that the change in primary levies varied significantly among the counties, with the deepest reduction in Pinal County of 15.7% and the highest increase of 7.5% in Graham County. Along with Pinal County, Gila, Maricopa, Pima, Santa Cruz, and Yavapai all decreased their primary levies for FY 2012.

Although the majority of counties show an increase in their primary levies over last year, the levies adopted by nine counties were within their truth-in-taxation (TNT) limits. TNT allows a county to

adjust its tax rate based on the change in value on existing property that was taxable in the previous year, excluding any growth associated with new construction. Therefore, due to the significant reduction in values this year, the counties were able to offset their reduced property tax base with increases to their primary tax rates, and still remain within TNT thresholds. As a result, the primary tax rates adopted by the counties increased over 18 cents (12.1%) on average.

County	FY 2011	FY 2012	\$ Change	% Change	Maximum Levy
Apache	\$2,210,782	\$2,239,494	\$28,712	1.3%	\$2,284,137
Cochise	\$27,380,675	\$27,585,264	\$204,589	0.7%	\$28,746,374
Coconino	\$7,589,961	\$7,783,484	\$193,523	2.5%	\$7,783,484
Gila	\$23,818,540	\$21,695,555	-\$2,122,985	-8.9%	\$24,813,192
Graham	\$3,942,898	\$4,239,565	\$296,667	7.5%	\$4,239,565
Greenlee	\$2,072,715	\$2,169,644	\$96,929	4.7%	\$2,169,644
La Paz	\$4,198,991	\$4,477,787	\$278,796	6.6%	\$4,477,787
Maricopa	\$492,224,342	\$477,571,468	-\$14,652,874	-3.0%	\$538,196,523
Mohave	\$33,979,277	\$35,167,076	\$1,187,799	3.5%	\$35,167,076
Navajo	\$5,900,775	\$6,140,405	\$239,630	4.1%	\$6,263,541
Pima	\$296,197,333	\$284,023,289	-\$12,174,044	-4.1%	\$335,811,957
Pinal	\$102,487,281	\$86,403,886	-\$16,083,395	-15.7%	\$107,845,549
Santa Cruz	\$11,609,650	\$10,795,615	-\$814,035	-7.0%	\$12,222,404
Yavapai	\$43,108,560	\$38,797,705	-\$4,310,855	-10.0%	\$45,211,982
Yuma	\$22,639,245	\$23,442,709	\$803,464	3.5%	\$23,442,709
<b>TOTAL</b>	<b>\$1,079,361,025</b>	<b>\$1,032,532,946</b>	<b>-\$46,828,079</b>	<b>-4.3%</b>	<b>\$1,178,675,924</b>

To mitigate tax rate increases stemming from decreased property values, five counties either kept their tax rates the same or reduced their tax rates. Apache County adopted a primary tax rate decrease of \$0.0128, while Cochise, Gila, Pinal, and Santa Cruz kept their tax rates the same.

Mohave County led the way with the largest primary tax rate increase of all the counties after raising its rate 36-cents to levy the maximum amount. Five other counties adopted their maximum tax rates as well: Coconino, Graham, Greenlee, La Paz, and Yuma. Although under their TNT limit, Maricopa followed Mohave with the second largest tax rate increase of 19-cents.

County	FY 2011	FY 2012	\$ Change	% Change	Maximum Levy
Apache	\$2,210,782	\$2,239,494	\$28,712	1.3%	\$2,284,137
Cochise	\$27,380,675	\$27,585,264	\$204,589	0.7%	\$28,746,374
Coconino	\$7,589,961	\$7,783,484	\$193,523	2.5%	\$7,783,484
Gila	\$23,818,540	\$21,695,555	-\$2,122,985	-8.9%	\$24,813,192
Graham	\$3,942,898	\$4,239,565	\$296,667	7.5%	\$4,239,565
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Yavapai	\$43,108,560	\$38,797,705	-\$4,310,855	-10.0%	\$45,211,982
Yuma	\$22,639,245	\$23,442,709	\$803,464	3.5%	\$23,442,709
<b>TOTAL</b>	<b>\$1,079,361,025</b>	<b>\$1,032,532,946</b>	<b>-\$46,828,079</b>	<b>-4.3%</b>	<b>\$1,178,675,924</b>

**TABLE 3: Primary Tax Rates**

County	FY 2011	FY 2012	\$ Change	% Change	TNT Rate	Max. Tax Rate
Apache	0.4392	0.4264	-0.0128	-2.9%	0.4264	0.4349
Cochise	2.6276	2.6276	0.0000	0.0%	2.6845	2.7382
Coconino	0.3953	0.4303	0.0350	8.9%	0.4218	0.4303
Gila	4.1900	4.1900	0.0000	0.0%	4.6956	4.7921
Graham	1.8132	1.8556	0.0424	2.3%	1.7836	1.8556
Greenlee	0.7693	0.7736	0.0043	0.6%	0.7584	0.7736
La Paz	1.8616	1.9744	0.1128	6.1%	1.9357	1.9744
Maricopa	1.0508	1.2407	0.1899	18.1%	1.3029	1.3982
Mohave	1.4637	1.8196	0.3559	24.3%	1.7839	1.8196
Navajo	0.5572	0.5984	0.0412	7.4%	0.5984	0.6104
Pima	3.3133	3.4178	0.1045	3.2%	3.6118	4.0410
Pinal	3.9999	3.9999	0.0000	0.0%	4.8835	4.9925
Santa Cruz	2.8215	2.8215	0.0000	0.0%	3.0560	3.1944
Yavapai	1.3524	1.4305	0.0781	5.8%	1.6831	1.7511
Yuma	1.7397	1.8798	0.1401	8.1%	1.8429	1.8798
<b>AVERAGE</b>	<b>1.5123</b>	<b>1.6945</b>	<b>0.1822</b>	<b>12.1%</b>	<b>1.8034</b>	<b>1.9344</b>

### Cash Balances

Statewide, cash balances decreased \$54.6 million, driven primarily by Maricopa's use of its cash to sustain funding for its "pay-as-you-go" capital projects plan. All but five counties either maintained or increased their cash positions over the past year.

**TABLE 4: General Fund Cash Balances**

County	FY 2011	FY 2012	\$ Change	% Change	% of GF-FY 2011	% of GF-FY 2012
Apache	\$3,816,756	\$4,000,000	\$183,244	4.8%	20.1%	23.5%
Cochise	\$24,559,182	\$28,416,129	\$3,856,947	15.7%	31.5%	34.8%
Coconino	\$19,630,179	\$25,644,420	\$6,014,241	30.6%	30.9%	37.7%
Gila	\$12,000,000	\$13,500,000	\$1,500,000	12.5%	25.2%	29.1%
Graham	\$1,337,161	\$1,359,422	\$22,261	1.7%	6.9%	7.1%
Greenlee	\$1,100,000	\$1,100,000	\$0	0.0%	12.0%	11.3%
La Paz	\$1,597,360	\$350,917	-\$1,246,443	-78.0%	11.5%	2.8%
Maricopa	\$453,144,579	\$384,405,703	-\$68,738,876	-15.2%	38.9%	33.3%
Mohave	\$11,583,219	\$11,134,589	-\$448,630	-3.9%	14.1%	13.2%
Navajo	\$3,797,928	\$4,000,000	\$202,072	5.3%	9.8%	10.3%
Pima	\$53,633,402	\$53,651,182	\$17,780	0.0%	11.0%	10.9%
Pinal	\$38,576,879	\$39,600,000	\$1,023,121	2.7%	19.5%	20.8%
Santa Cruz	\$10,682,826	\$9,963,139	-\$719,687	-6.7%	41.2%	38.6%
Yavapai	\$5,576,610	\$9,845,758	\$4,269,148	76.6%	6.9%	11.5%
Yuma	\$17,757,638	\$17,258,797	-\$498,841	-2.8%	23.3%	22.5%
<b>Total</b>	<b>\$658,793,719</b>	<b>\$604,230,056</b>	<b>-\$54,563,663</b>	<b>-8.3%</b>	<b>27.4%</b>	<b>25.1%</b>

Yavapai County had the largest percentage increase in its beginning fund balance of 76.6% (\$4.3 million), which was mainly attributed to the shutdown of the County's ALTCS program (see discussion under *Total Budgets*). Coconino County had the second largest increase by raising its cash balance nearly 31% (\$6 million), which was also the highest monetary increase in the state. The significant increase in Coconino County's cash balance is likely the result of last year's creation of the public health services district (PHSD), which is a special taxing district that generates an additional \$5 million in property tax revenue for the county (see *ATRA Newsletter, October/November 2010*).

Conversely, La Paz County decreased its cash 78% (\$1.2 million) from FY 2011 to FY 2012, followed by Maricopa County with a 15.2% (\$68.7 million) drop in its beginning fund balance. However, if Maricopa County's cash drawdown is excluded from the analysis, cash balances actually increased \$14.2 million (6.9%).

As a percent of general fund budgets, Santa Cruz County has the highest cash balance of 38.6%. Other counties with a cash balance exceeding 30% include Coconino (37.7%), Cochise (34.8%), and Maricopa (33.3%).

## **TOTAL BUDGETS**

Aside from the general fund, the remainder of the budget consists of special revenue funds, debt service, enterprise, and capital project budgets. Special districts, such as library, flood control, public health services, and jails, occupy a considerable portion of special revenue funds.

Total county budgets collectively had a net decrease of \$212.7 million (3.3%), dropping from \$6.5 billion to \$6.3 billion. However, the majority of the increase was due to the counties losing their state contract to a private provider for long term care services under the Arizona Long Term Care System (ALTCS). The combined decrease in ALTCS budgets had dramatic effects in Pima, Pinal, Cochise, and Yavapai counties.

Eight counties decreased their total budgets in FY 2012. The largest dollar decrease occurred in Pima County, again as a result of losing its ALTCS contract, where budgeted expenditures are down \$208 million (10.5%). Pinal County garnered the largest percentage decrease of 16.9% and the second largest dollar reduction of \$72.8 million with cuts throughout the entire budget. La Paz County experienced a budget reduction of 10.6% (\$3.2 million) by drawing down its cash, as well as a scaled-back public works budget.

Of the counties that raised their total budgets, Maricopa County is responsible for the largest dollar increase of \$58.5 million. Nearly 87% of the increase in the budget is due to a \$51 million (6%) increase in special revenue funds. However, this increase is related to the \$25 million in contingency in the Inmate Services fund in anticipation of the prisoner inmate shift to counties included in the state budget, in addition to the \$23 million mandated payment to offset the state's budget shortfall in FY 2012. In percentage terms, Yuma County had the largest increase in total budgets of 9.2% (\$24.6 million). The bulk of the increase for Yuma County is in debt service funds and capital projects. Coconino County increased its budget 8.4% (\$17.4 million), heavily due to the \$4.4 million increase in its general fund cash balance, coupled with a \$13.5 million increase in grants.

<b>County</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>\$ Change</b>	<b>% Change</b>
Apache	\$55,561,295	\$52,555,247	-\$3,006,048	-5.4%
Cochise	\$184,597,917	\$169,534,449	-\$15,063,468	-8.2%
Coconino	\$207,515,413	\$224,907,504	\$17,392,091	8.4%
Gila	\$104,308,843	\$96,045,612	-\$8,263,231	-7.9%
Graham	\$30,571,371	\$30,430,376	-\$140,995	-0.5%
Greenlee	\$16,723,378	\$16,911,943	\$188,565	1.1%
La Paz	\$30,114,836	\$26,916,805	-\$3,198,031	-10.6%
Maricopa	\$2,524,321,276	\$2,582,827,579	\$58,506,303	2.3%
Mohave	\$267,700,074	\$268,815,191	\$1,115,117	0.4%
Navajo	\$113,792,885	\$113,913,886	\$121,001	0.1%
Pima	\$1,974,679,434	\$1,766,776,771	-\$207,902,663	-10.5%
Pinal	\$429,878,000	\$357,096,950	-\$72,781,050	-16.9%
Santa Cruz	\$74,597,307	\$76,677,132	\$2,079,825	2.8%
Yavapai	\$263,831,781	\$257,471,933	-\$6,359,848	-2.4%
Yuma	\$267,037,660	\$291,601,369	\$24,563,709	9.2%
<b>Total</b>	<b>\$6,545,231,470</b>	<b>\$6,332,482,747</b>	<b>-\$212,748,723</b>	<b>-3.3%</b>

## **STATE COST SHIFTS**

As previously mentioned, one challenge the counties faced in the budgeting process was the state cost shifts. In order to shore up its own budget deficit, the state pulled back its support of some county budgetary obligations, as well as funneling some county revenue to the state. According to the County Supervisors Association (CSA), the most notable of the shifts was in Highway User Revenue Fund revenue, in which \$33 million went back to the state to fund DPS and MVD. Also, the state decreased its

funding for treating sexually violent prisoners (SVP) in the state hospital, from 75% to 50%, and eliminated its funding of the costs associated with Return to Competency (RTC) in FY 2012. State aid for Justice of the Peace (JP) salaries was cut in half and Maricopa County will be paying \$9 million in salaries for Superior Court judges, up from \$8.3 million last year. In addition to the aforementioned shifts, five counties, which includes Maricopa, Mohave, Pima, Pinal, and Yavapai, were required to make a lump-sum transfer to the state, totaling \$38.6 million. Lastly, grants for indigent defense were diverted to the Gang and Immigration Intelligence Team Enforcement Mission (GIITEM). Table 6 below, produced by CSA, reflects the state cost shifts from the perspective of the counties.

In the midst of multiple cost shifts, the counties managed to save in retirement costs for the Arizona State Retirement System (ASRS). During the 2011 legislative session, the counties' share of the contribution rate for ASRS, which previously was evenly split between employers and employees, was decreased to 47% (increased to 53% for employees). In total, counties were saddled with an additional \$94 million in revenue and expenditure shifts in FY 2012.

**TABLE 6: County Budget Impacts (CSA)**

	HURF	50% of SVP In State Hospital	100% of RTC In State Hospital	JP Salaries	Maricopa County Superior Court Judge Salaries	Cash Transfer	Indigent Defense to GIITEM	TOTAL
Apache	\$618,596	\$36,720	-	\$58,616	-	-	\$5,744	\$719,676
Cochise	\$740,250	-	\$596,519	\$107,463	-	-	\$11,776	\$1,456,008
Coconino	\$857,022	\$50,405	\$317,383	\$65,594	-	-	\$13,362	\$1,303,766
Gila	\$342,221	-	\$383,812	\$37,682	-	-	\$7,287	\$771,002
Graham	\$217,826	-	\$57,706	\$33,495	-	-	\$4,979	\$314,006
Greenlee	\$73,107	-	\$36,905	\$22,330	-	-	\$1,003	\$133,345
La Paz	\$337,173	-	\$47,641	\$54,429	-	-	\$3,067	\$442,310
Maricopa	\$15,153,527	\$3,865,828	-	-	\$9,012,159	\$26,384,500	\$447,723	\$54,863,737
Mohave	\$1,850,179	\$18,721	\$511,973	\$96,298	-	\$1,383,700	\$20,671	\$3,881,542
Navajo	\$746,317	\$88,394	\$354,288	\$99,089	-	-	\$13,131	\$1,301,219
Pima	\$6,779,678	\$1,217,566	\$53,009	\$243,897	-	\$6,775,700	\$88,346	\$15,158,196
Pinal	\$2,477,225	\$342,145	\$666,974	\$138,167	-	\$2,597,400	\$29,269	\$6,251,180
Santa Cruz	\$272,364	\$99,280	\$378,444	\$30,704	-	-	\$4,210	\$785,002
Yavapai	\$1,771,703	\$551,149	\$1,339,987	\$92,111	-	\$1,458,700	\$28,955	\$5,242,605
Yuma	\$979,537	-	\$425,414	\$52,986	-	-	\$20,777	\$1,478,714
<b>TOTAL</b>	<b>\$33,216,725</b>	<b>\$6,270,208</b>	<b>\$5,170,055</b>	<b>\$1,132,861</b>	<b>\$9,012,159</b>	<b>\$38,600,000</b>	<b>\$700,300</b>	<b>\$94,102,308</b>

*Special thanks to the county officials that participated in the budget meetings with ATRA staff and members. A draft report was sent to each county that met with ATRA prior to publishing, in order to allow officials an opportunity to provide comments.*

## APACHE COUNTY

### Overview

- Apache's general fund budget for FY 2012 is \$17,021,306. This represents a decrease of \$1,963,733 (10.3%), from last year's budget of \$18,985,039.
- The county holds \$4 million in unreserved funds, which is \$183,244 (4.8%) more than last year. The unreserved fund balance represents 23% of the total general fund.
- The total budget for FY 2012 is \$52,555,247, a decrease of \$2,995,212 (5.4%), from last year's final budget of \$55,550,459.

### Property Tax Revenues

#### *Primary Levy*

- The primary levy increased \$73,355 (3%), from \$2,210,782 to \$2,284,137, which is the maximum allowable levy. Of the \$73,355 increase, \$28,551 (39%) was attributable to new construction and \$44,804 (61%) was an increase to existing property.
- Apache County adopted the maximum tax rate of \$0.4349, which exceeded the TNT rate of \$0.4264. As a result, the county was required to hold a TNT hearing.

#### *Flood Control District*

- The Board increased the flood control tax rate this year from \$0.0200 to \$0.1164. The levy increased \$239,325 (351%), from \$53,010 to \$292,335.
- The flood control district budget increased from \$155,028 to \$500,000. The Board of Supervisors declared an emergency for the potential of flooding due to the Wallow Fire, and so far, the county has spent \$150,000 on sand bags to mitigate the problem.
- The beginning fund balance for FY 2012 is approximately \$150,000.

#### *Override*

- FY 2012 is the final year of the county's seven-year secondary property tax override. The levy decreased slightly from \$2,734,560 to \$2,731,982. The rate decreased from \$0.5054 to \$0.4963.
- The county went to voters during the 2010 general election to request an extension to the override but the question was rejected. The county went back to voters again in November of this year, and voters once again overwhelmingly rejected the override, which had an estimated annual levy between \$3.8 million and \$5 million.

#### *County Library*

- The library district levy increased \$13,340 (0.6%), from \$2,171,244 [\$1,658,514 (operating) + \$512,730 (bonds)] to \$2,184,584 [\$1,687,860 (operating) + \$496,724 (bonds)]. The total rate is decreasing from \$0.4014 (operations=\$0.3066 + bonds=\$0.0948) to \$0.3968 (operations=\$0.3066 + bonds=0.0902).
- The library operating budget of \$1,916,580 is \$310,594 (19.3%) more than last year's budget of \$1,605,986.
- At the November 2006 general election, voters approved \$7.19 million in general obligation bonds to construct new libraries. The debt service payment for the district bonds increased \$100 to \$705,825.
- The county transferred \$401,293 (24% of levy) from the library district to the general fund, which is 18% of the district's levy. Of the total transfer, \$150,000 is to backfill state costs shifts and the remaining \$251,293 is for reimbursement of indirect costs.

- In FY 2012, the library district had a beginning fund balance of \$700,000. County officials claim they are holding such a large amount in reserves because of existing bond litigation. In addition, the reserves will fund two new parking lots.

### ***Jail District***

- The FY 2012 jail district levy is \$1,045,966, a decrease of \$36,040 (3%) from FY 2011. The property tax rate of \$0.2000 remains at the maximum rate per statute.
- Apache County budgeted \$662,000 in inmate housing, the same as last year. The adult facility can hold up to 178 beds. The county contracts with the Bureau of Prisons (BOP) to rent approximately 50 beds at a charge of \$63/day. The jail is nearly 80% occupied on average.
- The jail district's budget increased \$296,292 (14%), from \$2,084,049 to \$2,380,341.
- Total medical expenses in the jail are budgeted at approximately \$110,000 in FY 2012. The district has a physician's assistant and a couple of nurses that administer the medical services in the jail.
- The maintenance of effort payment is \$435,203 in FY 2012.
- The county does not charge the district for reimbursement of services.

### ***Juvenile Jail District***

- The county juvenile jail district rate decreased from the statutory limit of \$0.1000 to \$0.0838, producing a levy of \$603,844, an increase of \$62,824 (12%).
- The juvenile facility holds 13 beds and the average occupancy is 60%. The county does not rent its juvenile beds to other entities.
- The juvenile jail district budget increased \$100,000, from \$780,538 to \$880,538.
- The maintenance of effort payment is \$305,290 in FY 2012.
- The county transferred \$130,611 (21% of levy) from the Juvenile Jail District to the general fund for administrative costs, which is the same as last year.
- The beginning fund balance in FY 2012 is \$90,000.

### ***Community College/Post Secondary Education***

- Apache's community college tuition levy increased from \$1,183,211 to \$1,203,962, \$20,751 (1.8%) more than last year. The rate stayed the same this year at \$0.2187. The budget increased \$166,302, from \$1,884,119 to \$2,050,421.
- The county's post secondary education levy to operate a local branch of Northland Pioneer College decreased \$78,226 (11%), from \$700,080 to \$621,854. The rate stayed the same at \$0.1294. The budget increased \$93,988 (12%), from \$806,012 to \$900,000.

### ***Public Health Services District (PHSD)***

- FY 2008 was the first year the county levied a property tax for the PHSD. The district was created by a unanimous vote of the board in April 2007. The rate stayed the same in FY 2012 at \$0.1580 and will generate a levy of \$869,803, \$15,253 more than last year.
- The PHSD budget increased from \$415,479 to \$436,956 (operations budget only).
- The maintenance of effort payment from the general fund to the PHSD is \$105,688; however, the county transferred \$501,977 (58% of levy) back from the PHSD to the general fund. Of the total transfer, \$150,000 is to offset state cost shifts and the remaining \$351,977 is considered reimbursement for indirect costs.
- The beginning fund balance for FY 2012 is approximately \$1,050,000. There has been consideration to abandon rent payments and purchase clinics instead with PHSD revenues.

Apache County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	0.4392	0.4349	-0.0043	0.4306	\$2,210,782	\$2,284,137	\$73,355	3%
Flood	0.0200	0.1164	0.0964		\$53,009	\$292,335	\$239,326	451%
Override	0.5054	0.4963	-0.0091		\$2,734,316	\$2,731,982	-\$2,334	0%
Library*	0.4014	0.3778	-0.0236		\$2,171,655	\$2,080,106	-\$91,549	-4%
Jail District	0.2000	0.2000	0.0000		\$1,082,040	\$1,045,966	-\$36,074	-3%
Juvenile Jail	0.1000	0.0838	-0.0162		\$541,020	\$603,844	\$62,824	12%
JR College	0.2187	0.2360	0.0173		\$1,183,211	\$1,299,124	\$115,913	10%
Post S.Ed	0.1294	0.1130	-0.0164		\$700,080	\$621,854	-\$78,226	-11%
PHSD	0.1580	0.1388	-0.0192		\$854,812	\$764,191	-\$90,621	-11%
<b>Overall Rate</b>	<b>2.1721</b>	<b>2.1970</b>	<b>0.0249</b>		<b>\$11,530,925</b>	<b>\$11,723,539</b>	<b>\$192,614</b>	<b>2%</b>

Apache's Library District rate includes a rate of \$0.0948 for voter-approved G.O. bonds in tax year 2010 and \$0.0902 in tax year 2011.

### Other General Fund Revenues

- Auto lieu remains the same at \$550,000.
- State shared sales tax revenues are down \$200,000 (4.8%), from \$4,000,000 to \$3,800,000.
- The half-cent sales tax decreased from \$1,300,000 to \$1,200,000.
- PILT increased slightly to \$1,600,000 from \$1,550,000 (FY 2011 actual PILT distribution was \$1,602,166).

### Special Revenues

#### *Road Fund*

- HURF revenue dropped \$400,000 (7.1%), from \$5,600,000 to \$5,200,000.
- VLT revenue is down \$100,000 (4.5%), from \$2,200,000 to \$2,100,000.
- National Forest Fees remain approximately the same at \$1,500,000.
- Apache County transferred \$917,682 out of the road fund to the general fund for indirect costs.

### Expenditures:

- **Employee Compensation:** The county is giving employees a 2% pay raise which officials claim is holding employees harmless from the new ASRS contribution split. In addition, employees who complete their six-month probation period receive a 2.5% increase in pay. Although the county did not budget for merit increases, some employees are receiving promotions, which approximately results in a 5% increase.
- **Employee benefits:** There is no insurance premium increase in FY 2012. Last year, the county absorbed the 10% increase in health insurance premium costs but the impact to the general fund and total funds is unknown to the county. The county covers 98% of the health premium costs for employees and 76% (on average) for dependents.
- **Budgeted payroll:** General fund budgeted payroll, including ERE's, is \$9,993,298 and total budgeted payroll is \$20,203,268 in FY 2012. County officials do not know the payroll for FY 2011.
- **Budgeted FTE's:** Apache County budgeted for 426 FTE's in total funds. County officials do not know exactly how many FTE's are funded out of the general fund. However, in FY 2011, county officials estimated that there were approximately 180 FTE's in the general fund and 220 FTE's in all other funds.
- **Employee vacancy & turnover rates:** The vacancy rate is 28% in FY 2012. The turnover rate is 28%.
- The county is considering the purchase of financial software (New World), which is estimated to cost approximately \$500,000.
- The county gave authorization to the Sheriff to purchase two new trucks, at a cost of \$72,182 to the general fund, and also to enter into a lease agreement for ten additional trucks, of which \$35,000 is allocated from RICO funds. The Sheriff's office currently has 40 vehicles in its fleet.

**State Cost Shifts:**

The impact to the county as a result of state cost shifts in FY 2012 is \$719,676, broken down as follows: HURF – \$618,596; SVP – \$36,720; JP salaries – \$58,616; and ACJC – \$5,744.

**Debt/Capital Projects:**

According to the Department of Revenue’s FY 2010-11 Report of Indebtedness, the library district has \$6,090,000 in outstanding G.O. debt. The county also has a GADA loan with a current outstanding balance of \$3 million. The debt service budget for FY 2012 increased \$2,639,589 (248%), from \$1,066,236 to \$3,705,825. The county is using its general fund balance to pay off the remaining balance on the county’s GADA loan. In addition to the GADA and library district debt service (see section for the library district), the county is making payments for a GIS loan (\$75,800) and the loan for the Round Valley complex (\$461,095).

The capital projects budget decreased from \$5,828,326 to \$1,000. The significant decrease is the result of the county budgeting \$5.6 million in FY 2011 for anticipated revenue from the sale of G.O. bonds, which were awaiting approval at the time the budget was adopted. The bonds were rejected by voters and were not budgeted in FY 2012.

# COCHISE COUNTY

## Overview

- Cochise County’s general fund budget for FY 2012 is \$81,552,007, a \$3,694,986 (4.7%) increase over the FY 2011 budget of \$77,857,021.
- The county has a beginning fund balance of \$28,416,129, an increase of \$3,856,947 (15.7%) over last year. The beginning fund balance represents 35% of the total general fund.
- The total budget is \$169,534,449. This is a \$15,063,468 (8.2%) decrease below last year’s adopted budget of \$184,597,917. The main reason for the dramatic drop in total funds was the result of the state’s decision to privatize long-term health care. The \$33 million decrease as a result of the loss of the long-term care contract was offset by an approximate \$10 million increase in capital projects.

## Property Tax Revenues

### *Primary Levy*

- Cochise County’s primary property tax levy is \$27,585,264, which represents an increase of \$204,590 (1%). The \$204,590 net increase was the result of \$801,825 in new construction, which was offset by a \$597,236 decrease to existing properties.
- The primary tax rate of \$2.6276 is the same rate as last year and is below this year’s TNT rate of \$2.6845; therefore, the county was not required to hold a TNT hearing.

### *Flood Control District*

- The county’s flood control district rate remains the same at \$0.2597. The levy decreased from \$2,449,424 to \$2,416,778, \$32,646 less than last year.
- Budgeted expenditures for the flood control district are \$5,930,003, a decrease of \$61,997 from last year. The district purchased 30,000 sand bags as a result of the Monument Fire. County officials claim that approximately 67 residences, most of them high-end, and four businesses were lost as a result of the fire.
- In FY 2011, the county charged the district \$176,132 for reimbursement of services. Charges for reimbursement of services in FY 2012 increased to \$185,813 (7.7% of levy).
- The beginning fund balance in the district was \$3,547,964.

### *County Library*

- The library district levy is \$1,584,610, a decrease of \$28,548 below last year’s levy of \$1,613,158. The rate remains the same at \$0.1451.
- The library district budget increased from \$2,267,148 to \$2,292,324, \$25,176 more than last year. The county operates five branches and a bookmobile. The library district also operates the information system that is used by the city libraries.
- The beginning fund balance for FY 2012 was \$844,147. The reserves in the district will be used to purchase a new library cataloging system in the future at a cost of \$500,000.
- The county charges the library district \$185,813 (12% of levy) for reimbursement of services.

Cochise County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	2.6276	2.6276	0.0000	2.6845	\$27,380,674	\$27,585,264	\$204,590	1%
Flood	0.2597	0.2597	0.0000		\$2,449,425	\$2,416,778	-\$32,647	-1%
Library	0.1451	0.1451	0.0000		\$1,613,158	\$1,584,610	-\$28,548	-2%
<b>Overall Rate</b>	<b>3.0324</b>	<b>3.0324</b>	<b>0.0000</b>		<b>\$31,443,257</b>	<b>\$31,586,652</b>	<b>\$143,395</b>	<b>0%</b>

## Other General Fund Revenues

- Budgeted Auto Lieu is down \$100,000, from \$3,600,000 to \$3,500,000.
- State shared sales tax is up \$650,000 (6.5%), from \$10,060,000 to \$10,710,000.
- The county's half-cent sales tax is up 3%, from \$6,604,979 to \$6,800,000.
- PILT is budgeted at \$1,861,000 in FY 2012.

## Special Revenues

### *HURF*

- HURF revenues are up from \$8,464,060 to \$8,935,000.
- The HURF budget is \$18,504,721, which includes contingency of \$1,857,189.

### *Health System*

- The Cochise Health System budget decreased from \$44,737,542 to \$11,823,819. The Cochise Health System was the program contractor for AHCCCS in Cochise, Greenlee, and Graham counties. However, the state has signed a contract with a private provider (Bridgeway Health Solutions) to provide long-term health care under AHCCCS, which took effect October 1, 2011, at which time 54 FTE's were eliminated. Four to six FTE's will remain to process claims through December. The county has anticipated leasing the buildings that housed system employees to the private vendor.

## Expenditures

- **Budgeted FTE's:** The general fund budgeted FTE's decreased from 689 in FY 2011 to 615 in FY 2012 (74 FTE's remain frozen and are not budgeted). Total funds FTE's decreased from 1,107 to 1,026.
- **Budgeted Payroll:** The total general fund budgeted payroll, including ERE's, is \$37,873,000 in FY 2012. Total budgeted payroll is \$57,227,000. In FY 2011, the general fund budgeted payroll was \$40,140,000 and \$61,148,000 in total funds.
- **Turnover & Vacancy rates:** The employee vacancy rate is approximately 11% for all funds. The employee turnover rate is approximately 1%.
- **Employee compensation:** The County awarded employees with a 1.54% pay raise in FY 2012 to offset the increase in the ASRS employee contribution rate at a cost of \$299,000 to the general fund. Court system employees receive longevity raises, which are typically funded out of department salary savings but will be subsidized by the county if necessary. The cost of longevity increases in FY 2012 is estimated at \$74,000. Performance-based raises will be available for county deputies at a cost of \$48,000. In addition, \$200,000 will be set aside for the reclassification of positions based on departmental reviews comparing positions to their market values. On December 2, 2011, the county made a one-time distribution of \$650,000 to employees.
- **Health benefits:** The 0.4% increase in this year's health premium costs will be absorbed by the county. The impact to the general fund is \$64,000 and the impact to other funds is approximately \$32,000. The county subsidizes 100% of the employee's premiums and 44.5% of dependents (tiered system).
- The county is not utilizing the state budget provision that authorizes counties to backfill the state cost shifts with special revenues.
- **Jail Facilities:**
  - **Juvenile:** The County has one juvenile facility with 20 detention cells that are double-bunked for a total of 40 beds. The average occupancy is estimated at 19. The county does not rent its juvenile beds to other entities.
  - **Adult:** The adult facility is designed to hold 160 beds but actually has 260 beds with double bunking. The county rents beds annually to the military, Customs, and Federal prisoners at a daily

rate of \$64.78. Federal Prisoner Reimbursements are budgeted at \$9,000 in FY 2012. The average daily inmate population is around 233. The Cochise County Jail operates a clinic in order to provide medical care to all inmates and the Cochise County Health Department provides full-time medical professionals to the jail. Inmates are required to make a co-payment for medical services and medication. The budgeted cost of medical services in the jail is \$805,604 in FY 2012, up from \$765,000 in FY 2011.

**State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 was \$1,456,008, broken down as follows: HURF – \$740,250; RTC – \$596,519; JP salaries – \$107,463; and ACJC grants – \$11,776.

**Debt/Capital Projects:**

According to the Department of Revenue’s FY 2010-11 Report of Indebtedness, the county held \$5,200,000 in outstanding Certificates of Participation (COPs). The COPs funded the construction of the Melody Lane County Complex. The budgeted debt service payment in FY 2012 is \$883,733.

The Capital Projects budget increased \$9,678,481 (77.2%), from \$12,539,044 to \$22,217,525. The majority of the increase is the result of the county transferring the reserves in Cochise Health Systems to capital projects (approximately \$6 million) and a \$2 million increase in allowance for budget capacity for new grants that may be awarded during FY 2012. Budgeted capital projects for FY 2012 include the following:

AIM – dotNet system continuance	\$83,578
Sheriff Generator	\$160,000
Move Elections to Melody Lane	\$10,000
Assessor CCI Software balance	\$62,482
Airport Grants	\$236,802
Douglas Bldg. Project	\$3,716,136
Joint Dispatching with Sierra Vista	\$150,000
COP Payment	\$869,233
CHS	\$7,849,225
County Match/Comm. Devel.	\$17,809
Undesignated	\$3,633,202
Allowance for budget capacity for new grants	\$5,000,000

## COCONINO COUNTY

### Overview

- Coconino County's general fund budget for FY 2012 is \$67,955,736. This is an increase of \$4,418,931 (7%) from last year's budget.
- The county's unreserved fund balance is \$25,644,420, which makes up 38% of the total general fund. This is a \$6,014,241 (30.6%) increase from last year's fund balance of \$19,630,179.
- Coconino County's total budget for FY 2012 is \$224,907,504 (total financial resources), an increase of \$17,392,091 (8.4%) from last year's final budget of \$207,515,413. The majority of the increase (\$13 million) occurred in the Special Revenue funds; however, the budgeted expenditures in the Special Revenue funds make up only 75.7% of the total financial resources available. The majority of the increase is attributed to general fund capital repair and replacement funding, consisting of IT and Facilities maintenance.

### Property Tax Revenues

#### *Primary Levy*

- Coconino adopted the maximum allowable primary property levy of \$7,783,484, which is an increase of \$193,523 (2.6%) from last year. Of the \$193,523 increase, \$40,463 was attributable to new construction and \$153,060 was an increase to existing properties.
- The county adopted the maximum property tax rate of \$0.4303. Since the primary tax rate exceeded the TNT rate of \$0.4218, the county was required to hold a TNT hearing.

#### *County Library*

- The library district levy is \$4,355,618, a decrease of \$577,011 (11.7%). The rate stayed the same at \$0.2367.
- The budget decreased \$1,072,877 (20.3%), from \$5,291,629 to \$4,218,752.
- The beginning fund balance in FY 2012 is \$168,029, down from the FY 2011 beginning fund balance of \$245,649. The county has a 5-year funding plan for the district that is developed by the Library Council (district librarians) that makes recommendations to the Board of Supervisors.
- In FY 2011, the county transferred \$409,266 from the library district to the general fund as a result of the state budget provision that authorized counties to backfill state cost shifts with special district revenues (otherwise the county doesn't typically charge the library district for reimbursement of services). In FY 2012, the county transferred \$298,103 (6.8% of levy) from the library district to the general fund.

#### *Flood Control*

- Coconino County's flood control district tax is levied on all properties outside the cities of Flagstaff, Page, and Fredonia. The county doubled the tax rate in FY 2012, from \$0.2000 to \$0.4000.
- The levy increased \$1,316,668 (71%), from \$1,858,550 to \$3,175,218.
- The flood control district budget increased \$2,469,914, from \$815,927 to \$3,285,841.
- The flood control district began FY 2012 with no fund balance. The county is anticipating a possible reimbursement of \$3 million from FEMA for the Schultz Fire and Flood, after spending \$4.5 million last year, plus an additional \$1.5 million this year. Engineers are currently in the design phase of a canal system that will feed into a retention area. The estimated amount for the project varies between \$15 and \$50 million.
- The county charged the flood control district \$68,895 for reimbursement of services in FY 2011, which increased to \$91,884 in FY 2012.

### ***Public Health Services District (PHSD)***

- The county levied a property tax for the first time in FY 2011 for the Public Health Services District. The District was created in 2009 by a unanimous vote of the Board of Supervisors.
- The county continues to levy the 25-cent maximum tax rate. In FY 2012, the levy decreased from \$5,209,790 to \$4,600,357.
- The maintenance of effort payment for the district is \$3,739,233.
- In FY 2012, the county transferred \$1,263,516 (27% of levy) from the district to the general fund for reimbursement of services.
- The FY 2012 PHSD budget (operating only) decreased from \$10,215,973 to \$9,430,542.
- The PHSD began FY 2012 with a balance of \$700,000.

Coconino County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	TY 2010 Levy	TY 2011 Levy	Difference	% Difference
Primary	0.3953	0.4303	0.0350	0.4218	\$7,589,961	\$7,783,484	\$193,523	3%
Library	0.2367	0.2367	0.0000		\$4,932,629	\$4,355,618	-\$577,011	-12%
Flood*	0.2000	0.4000	0.2000		\$1,858,550	\$3,175,218	\$1,316,668	71%
Public Health	0.2500	0.2500	0.0000		\$5,209,790	\$4,600,357	-\$609,433	-12%
<b>Overall Rate</b>	<b>1.0820</b>	<b>1.3170</b>	<b>0.2350</b>		<b>\$19,590,930</b>	<b>\$19,914,677</b>	<b>\$323,747</b>	<b>2%</b>

\* Applies to all property outside the cities of Flagstaff, Page, and Fredonia

### **Other Revenues**

#### ***General Fund Revenues***

- Auto lieu revenue decreased \$40,500, from \$3,202,500 to \$3,162,000.
- State shared sales tax is up \$101,750, from \$15,225,000 to \$15,326,750.
- The half-cent sales tax is up \$111,000 (1%), from \$11,287,500 to \$11,398,500.
- PILT revenue remained the same in FY 2012 at \$1,514,240.
- Non-departmental revenue decreased \$358,374 (9%), from \$3,816,912 to \$3,458,538. This line-item includes all of the indirect costs charged to county departments.

#### ***Special Fund Revenues***

- National forest fees decreased from approximately \$4 million in FY 2011 to \$3.6 million in FY 2012.

### **Special Revenues**

#### ***Jail District***

- The county jail district was initially approved by voters in 1997. In September 2006, the voters approved the county's request to increase the jail sales tax rate from a  $\frac{3}{10}$ -cent rate to a  $\frac{1}{2}$ -cent, which was effective January 1, 2007. In addition, the jail district sales tax was extended 15 years, which will now sunset in 2027 rather than 2012.
- Budgeted jail district sales tax collections for FY 2012 are up slightly from \$11,287,500 to \$11,398,500.
- The county's maintenance of effort payment increased from \$2,413,595 to \$2,420,000.
- The jail district operating budget increased \$1,159,591 (7.5%), from \$15,430,826 to \$16,590,417.
- **Jail facilities**
  - **Juvenile:** The juvenile facility currently holds 34 beds. The county can potentially rent beds to the Federal Marshalls at \$75/day; however, the county did not receive any revenue from renting beds in FY 2010 or FY 2011. The average occupancy of the facility is 18.
  - **Adult Detention:** The Flagstaff Detention Facility holds 596 beds (average occupancy is approximately 80%) and the Page facility holds 48 beds. The county rents beds to the Bureau of Indian Affairs (\$55/day), the Federal Bureau of Prisons (\$60/day), and the Yavapai County Sheriff's office (\$60/day). Budgeted revenues in FY 2012 are \$2.2 million, the same as last year.
  - Medical expenses for FY 2012 are estimated at \$1,100,000.

### ***Parks and Open Space***

- At the 2002 general election, voters approved a 10-year,  $\frac{1}{8}$ -cent capital projects sales tax for the purpose of implementing the Coconino Parks and Open Space Program. The total estimated cost for the program amounts to \$33 million.
- The  $\frac{1}{8}$ -cent sales tax was budgeted to bring in \$2,914,301 in FY 2012, down \$97,574 (3.2%) from last year.
- The Parks Capital Projects budget decreased from \$13,879,603 to \$7,419,011.

### ***Road Fund***

- HURF budgeted revenues dropped \$527,001, from \$12,502,792 to \$11,975,791.
- The HURF budget decreased \$6,319,638 (25%), from \$25,268,005 to \$18,948,367.
- In FY 2011, the county charged the HURF fund \$827,000 for reimbursement of services, which went up to \$851,000 in FY 2012.

### **Expenditures**

- **Employee Compensation:** The county did not award employees with pay raises in FY 2012.
- **Budgeted FTEs:** In FY 2011, the county budgeted for 495 FTEs in the general fund and 1,085 in total funds. In FY 2012, the general fund budgeted FTE's are approximately 492 and 1,085 in total funds.
- **Budgeted Payroll:** In FY 2011, the general fund payroll, including ERE's, was budgeted at \$34,069,374 and \$70,208,575 in total funds. Budgeted payroll increased to \$34,127,516 for the general fund and to \$71,090,098 for total funds.
- **Vacancy and Turnover rates:** The county's vacancy rate is 8.32%, while the turnover rate is at 13.96%.
- **Health Benefits:** Health insurance costs increased 8.1%, or \$365,000, in FY 2012 and will be absorbed by employees as a result of the county making changes to the plan structure. The county is providing discounts for its wellness program which will be phased in over the next three years.

### **State Cost Shifts:**

The impact to the county as a result of state cost shifts in FY 2012 was \$1,303,766, broken down as follows: HURF - \$857,022; SVP - \$50,405; RTC - \$317,383; JP salaries - \$65,594; and ACJC grants - \$13,362.

### **Debt/Capital Projects:**

According to the Department of Revenue's FY 2010-11 Report of Bonded Indebtedness, the county does not hold any debt. Capital projects for FY 2012 include: Completion phase of the Search and Rescue facility (\$260,000); Construction and remodel of Page Justice facility (approximately \$490,000); Wastewater upgrade at Fort Tuthill (\$700,000); The CPOS project, consisting of: Cataract Lake: \$400,000; Fairgrounds: \$2 million; Parks Amphitheatre: \$1.7 million; Doney Park Urban Trail: \$605,000 with some other smaller capital projects budgeted (This was tentative during the budget process and the Board is in the process of approving a revised CPOS plan.); HURF: \$2.2 million for equipment replacement; \$2 million capital engineering and construction; \$545,000 for signage.

Currently, the jail district is researching a facility expansion for transitional housing. According to the county, this will be a less expensive option to full security housing to accommodate low-risk prisoners that may be on work release or some other transitional program. There may be bonds issued to fund this expansion.

# GILA COUNTY

## Overview

- Gila County’s general fund budget for FY 2012 is \$46,461,076, a \$1,140,368 (2.4%) decrease from last year’s budget of \$47,601,444.
- The county’s beginning fund balance for this year is \$13,500,000, \$1.5 million higher than last year’s fund balance. The fund balance now represents 29% of the total general fund.
- The total budget for FY 2012 of \$96,045,612 is a decrease of \$8,263,231 (7.9%) from last year’s adopted budget of \$104,308,843.

## Property Tax Revenues

### *Primary Levy*

- The County’s primary levy of \$21,695,555 is \$2,122,985 below last year’s levy of \$23,818,540. The \$2,617,736 (11%) reduction in value on existing property was offset by a \$494,751 increase in value attributable to new construction.
- Gila’s primary property tax rate stayed the same this year at \$4.1900, which is \$0.6021 less than the maximum allowable tax rate of \$4.7921. In addition, the proposed primary tax rate is \$0.5056 below the TNT rate of \$4.6956; therefore, the county was not required to hold a TNT hearing.

### *County Library*

- The library district levy is \$1,052,079, down \$149,889 (12.5%) from last year. The library district rate is \$0.2000.
- The library district budget increased from \$1,712,058 to \$1,724,222.
- The district began FY 2012 with a fund balance of \$732,000.
- The county does not charge the library district for reimbursement of services.

Gila County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	4.1900	4.1900	0.0000	4.6956	\$23,818,540	\$21,695,555	-\$2,122,985	-9%
Library	0.2000	0.2000	0.0000		\$1,201,968	\$1,052,079	-\$149,889	-12%
<b>Overall Rate</b>	<b>4.3900</b>	<b>4.3900</b>	<b>0.0000</b>		<b>\$25,020,508</b>	<b>\$22,747,634</b>	<b>-\$2,272,874</b>	<b>-9%</b>

## Other General Fund Revenues

- Auto lieu is up \$38,750 (2.5%), from \$1,550,000 to \$1,588,750.
- State shared sales tax is up \$195,000 (4.7%), from \$4,200,000 to \$4,395,000.
- Half-cent sales tax increased \$97,250 (3.6%), from \$2,700,000 to \$2,797,250.
- PILT revenue is estimated at \$3,000,000.

## Jail Facilities

### Adult Facility

- The adult facility holds a total of 179 beds with an average occupancy of 165. However, the county is in the process of expanding the jail, which will include an additional 40 beds. The County currently rents beds to other counties at a rate of \$54.63/day. Revenues from renting beds are dropping from \$120,000 to \$105,250 in FY 2012. Medical costs in the adult facility were budgeted at \$790,000.

### Juvenile Facility

- The juvenile facility holds a total of 26 beds. Gila County contracts with the US Marshals and BIA at \$131/day. The average occupancy is seven from US Marshals, three from BIA, and five other, for a total of fifteen. Budgeted revenues decreased 46% in FY 2012, from \$410,000 to \$220,000.

- The Sheriff's budget increased \$158,425 (1.5%), from \$10,682,073 to \$10,840,498. The juvenile detention budget decreased \$298,532 (22.2%), from \$1,347,982 to \$1,049,450.

### **Special Revenues**

#### ***Road Budget***

- HURF increased \$76,958 (2.3%), from \$3,379,536 to \$3,456,494.
- VLT decreased \$41,114 (9%), from \$972,000 to \$930,886.
- The county transportation sales tax is up \$282,226 (11.1%), from \$2,536,224 to \$2,818,450. The sales tax is scheduled to sunset in 2014.
- The total road fund budget is up \$185,217 (1.4%), from \$12,897,452 to \$13,082,669.

### **Expenditures**

- **Budgeted FTE's:** In FY 2012, general fund FTE's decreased from 435 to 433 and total funds FTE's decreased from 700 to 691. Only one position was created, which was a nurse for the juvenile detention facility, but several positions were reallocated.
- **Employee compensation:** The county did not budget for merit increases in FY 2012; however, the county attorney does have a longevity pay plan which is budgeted at \$15,000 in FY 2012 (\$30,000 annualized). In FY 2011, three or four FTE's received "equity" increases (male vs. female-pay equalized for doing the same job) at a cost of \$5,000 per employee.
- **Budgeted payroll:** In FY 2011, the general fund budgeted payroll, including ERE's, amounted to \$24.5 million while the budgeted payroll for total funds was \$38.6 million. In FY 2012, general fund budgeted payroll is \$24.6 million and total funds is \$38.3 million.
- **Employee vacancy & turnover rates:** The county vacancy rate is 7.8% and the turnover rate is 8.6%.
- **Health benefits:** There was no change in the County's health insurance premium costs for FY 2012. The County currently pays 93% for employee coverage and 60% for dependents, depending on the level of benefits.
- The county picked up the costs associated with expenditures that the state has chosen to no longer fund for the county, which includes three School Resource Officers (SRO's) and three officers on Roosevelt for Boating Safety. The impact to the general fund is \$208,000 for the Boating officers and \$201,000 for the SRO's.

### **State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 was \$771,002, broken down as follows: HURF – \$342,221; RTC – \$383,812; JP salaries – \$37,682; and ACJC – \$7,287.

### **Capital Projects/Debt Service**

During FY 2010, the county borrowed \$8 million in revenue bonds for the expansion of its jail facilities and a new evidence storage facility for the Sheriff's office. According to the Department of Revenue's FY 2010-11 Report of Bonded Indebtedness, there is \$7,510,000 outstanding on the revenue bonds. The bond term is 20 years. Total debt service increased from \$621,850 in FY 2011 to \$628,150 in FY 2012.

Capital Projects in the FY 2012 budget include the following: Women's 40-bed dorm (should open by 9/30/11), IT Disaster Recovery Software (\$57,000), Security: \$200,000 for building modification and \$100,000 for operations, and a Public Information Website (to improve transparency) \$10,000.

# GRAHAM COUNTY

## Overview

- Graham County's general fund budget for FY 2012 is \$19,220,684, a decrease of \$123,925 from \$19,344,609 in FY 2011.
- The county's opening fund balance is \$1,293,008, down \$44,153 from last year's fund balance of \$1,337,167. The fund balance represents 6.7% of the total general fund.
- The county's total budget of \$30,430,376 is a decrease of \$140,995 from last year's total budget of \$30,571,371.

## Property Tax Revenues

### *Primary Levy*

- The county's primary property tax levy of \$4,239,565 is an increase of \$296,667 (7.5%) over last year's levy of \$3,942,898. Of the \$296,667 increase, \$132,181 (45%) was attributable to new construction and \$164,486 (55%) was an increase to existing property.
- The county levied the maximum tax rate this year of \$1.8556, up from last year's rate of \$1.8132. Since the county's primary rate exceeded the TNT rate of \$1.7836, the county was required to hold a TNT hearing.

### *Flood Control District*

- The County Flood Control District rate stayed the same at \$0.0953.
- The levy for the flood control district decreased \$14,021, from \$231,484 to \$217,463.
- The budget decreased \$8,275, from \$322,386 to \$314,111.
- In FY 2012, the county is charging the flood control district \$75,000 (34% of levy) for reimbursement of services.
- The beginning fund balance for FY 2012 is \$95,205.

Graham County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	TY 2010 Levy	TY 2011 Levy	Difference	% Difference
Primary	1.8132	1.8556	0.0424	1.7836	\$3,942,898	\$4,239,565	\$296,667	7.5%
Flood	0.0953	0.0953	0.0000		\$231,484	\$217,463	-\$14,021	-6.1%
<b>Overall Rate</b>	<b>1.9085</b>	<b>1.9509</b>	<b>0.0424</b>		<b>\$4,174,382</b>	<b>\$4,457,028</b>	<b>\$282,646</b>	<b>6.8%</b>

## Other General Fund Revenues

- PILT increased from \$2,564,987 to \$2,672,505.
- State shared sales tax is down \$121,780, from \$3,446,780 to \$3,325,000.
- The half-cent sales tax increased \$80,000, from \$1,620,000 to \$1,700,000.
- Auto Lieu is down \$90,000, from \$840,000 to \$750,000.
- **Jail facilities:**
  - The juvenile facility holds 48 beds. The Bureau of Prisons (BOP) rents five to six beds, on average, at a charge of \$230/day. A memorandum of understanding was approved to the US Marshals for renting beds at \$125/day. Total revenues from BOP are increasing from \$503,700 in FY 2011 to \$600,000 in FY 2012. The County charges Greenlee County \$250,000 for utilizing up to eight beds.
  - The adult facility holds a maximum of 165 beds and the county rents, on average, approximately 35 to BOP at \$57/day and to the state at \$38/day. The facility is typically 85% occupied. Total revenues generated from renting beds to the Feds are \$750,000 and \$15,000 from the state.
  - 30 to 36 beds will be added in the new jail addition and is scheduled to be finished within the fiscal year. The county saved money by using inmate labor and DOC is completing the addition pro bono.

- The County uses three nurses and a physicians' assistant in the jail in order to keep costs down. In FY 2012, the county estimates that the costs for inmate health services will be approximately \$400,000.
- The Sheriff's budget decreased from \$5,756,884 to \$5,652,123.

### **Special Revenues**

#### ***Road Fund***

- HURF revenue decreased \$230,000, from \$3,190,000 to \$2,960,000.
- The Road Fund budget increased from \$5,501,692 to \$5,525,260.
- In FY 2011, forest fee revenues were budgeted at \$728,130. In FY 2012, forest fee revenues decreased to \$640,739.

### **Expenditures**

- **Budgeted FTE's:** In FY 2012, the budgeted FTE's in total funds remain at 240. General fund FTE's were budgeted at 172 in FY 2011 and increased slightly to 174 in FY 2012.
- **Employee compensation:** The county did not award any COLA's or market adjustments this year; however, employees will still receive increases for longevity/certification, etc. The impact to the general fund is \$16,000 and nearly \$5,000 to other funds. Upon retirement of the Captain in the Sheriff's office, the county boosted the salaries of four sergeants and added a few part-time positions, which resulted in a net "savings" of \$8,334.
- **Budgeted payroll:** The general fund budgeted payroll, including ERE's, in FY 2012 increased \$69,000, which brought the total general fund payroll to \$10.843 million. The total funds payroll increased \$27,000, which now amounts to \$15.210 million in FY 2012. The increase in budgeted payroll is the result of increases in retirement costs.
- **Vacancy & Turnover rates:** The employee vacancy rate is around 1.7% (the county has four vacant positions) and turnover is approximately 10%.
- **Health benefits:** Health insurance premium costs did not change from last year. In FY 2011, the county began charging employees with single coverage \$50/month and increased the charge to employees with family coverage to \$250/month. The county pays approximately 90% for single coverage and 78% for family coverage.
- The county contracts with Yavapai County to provide its restoration to competency (RTC) services. The county also has a contract with Pima County for the same services. The county is able to get the same services from Pima and Yavapai Counties rather than the state at a much lower cost.

### **State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 was \$314,006, broken down as follows: HURF - \$217,826; JP salaries - \$33,495; RTC - \$57,706; and ACJC grants - \$4,979.

### **Capital Projects/Debt:**

The county is in the planning stages of building new adult jail facilities since the existing facility is in poor condition. The county has no debt.

## GREENLEE COUNTY

### Overview

- Greenlee’s general fund budget for FY 2012 is \$9,760,765, an increase of \$575,868 (6.3%) from the FY 2011 budget of \$9,184,897.
- The county’s beginning general fund balance is \$1,100,000, same as last year. The fund balance represents 11.3% of the total general fund.
- The total budget for FY 2012 is \$16,911,943, a decrease of \$1,343,184 (7.4%) below the FY 2011 total budget of \$18,255,127.

### Property Tax Revenues

#### *Primary Levy*

- The county’s primary property tax levy is \$2,169,644, \$96,929 (4.7%) more than last year’s levy. Of the increase, \$54,192 was attributable to new construction and \$42,737 was an increase to existing properties.
- The primary tax rate increased from \$0.7693 to \$0.7736. Since the primary tax rate exceeded the TNT rate of \$0.7584, the county was required to hold a TNT hearing.

#### *Public Health Services District (PHSD)*

- In June 2006, the County Board of Supervisors created the PHSD by unanimous vote of the Board. The tax rate increased in FY 2012, from \$0.1525 to \$0.1850. As a result, the levy increased \$109,223 (27%), from \$411,298 to \$520,521.
- The county uses the PHSD fund to pay for health department services, animal control, inmate medical expenses, and ambulance services. The expenses for inmate medical expenses include nurses’ salaries.
- The Health Services Fund budget increased \$116,642 (8.1%), from \$1,449,780 to \$1,566,422.
- The maintenance of effort payment for the PHSD is \$356,000. The county does not charge the district for reimbursement of services.
- The PHSD absorbed the loss of federal/state funding for certain health programs, an increase to the district of \$130,452.

#### *Flood Control District*

- The district tax rate increased from \$0.1121 to \$0.1426. The levy decreased from \$49,378 to \$49,000.
- The flood control district budget increased \$100,000 (66%), from \$152,000 to \$252,000.
- The district continues maintenance of the Clifton Flood Warning System, has begun implementation of the Duncan Flood Warning System, and has completed the Stateline Project.

Greenlee County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	0.7693	0.7736	0.0043	0.7584	\$2,072,715	\$2,169,644	\$96,929	5%
Public Health Services	0.1525	0.1850	0.0325		\$411,298	\$520,521	\$109,223	27%
Flood	0.1121	0.1426	0.0305		\$49,378	\$49,000	-\$378	-1%
<b>Overall Rate</b>	<b>1.0339</b>	<b>1.1012</b>	<b>0.0673</b>		<b>\$2,533,391</b>	<b>\$2,739,165</b>	<b>\$205,774</b>	<b>8%</b>

### Other General Fund Revenues

- Auto lieu remained the same at \$300,000.
- The half-cent sales tax is up \$300,000, from \$700,000 to \$1,000,000.
- State shared sales tax is up \$600,000 (20%), from \$3,000,000 to \$3,600,000
- PILT is up \$60,370 (8%), from \$755,653 to \$816,023.
- The county budgeted to receive \$382,800 from the state for out-of-county tuition, which is the same as last year.

### **Special Revenue Funds**

- Road fund revenue is down \$160,000, from \$960,000 to \$800,000. The budget increased from \$1,612,000 to \$1,700,000.
- National Forest fees decreased from \$839,000 to \$600,000. The county distributes the money to the schools and the road fund.

### **Expenditures**

- **Employee compensation:** The County is awarding 5% pay raises for all employees except law enforcement, which will receive 10% raises in FY 2012. The impact to the general fund is \$200,628 and \$308,167 for all funds. County officers proposed the raises to make Greenlee County competitive with other small counties and to reduce turnover in the sheriff's department.
- **Health benefits:** Health premium costs did not increase in FY 2012. The county currently covers 93.8% for employee coverage and 81% for dependents.
- **Budgeted payroll:** In FY 2011, general fund budgeted payroll, including ERE's, was \$5,282,224 and total funds were \$8,180,537. Payroll increased in FY 2012 to \$5,482,842 in the general fund and \$8,506,540 in total funds.
- **Budgeted FTE's:** Budgeted FTE's in the general fund decreased from 88 to 83 and total budgeted FTE's are up one position to 152.
- **Employee vacancy & turnover rates:** The employee vacancy rate is between 1% and 2% and the countywide turnover rate is 4.5%.
- **Jail Facilities:** The County uses Gila Health Resource to control its inmate costs, which amounted to \$85,000 in FY 2012. Also, to control costs, the county has an ambulance service that it uses to avoid using a helicopter for emergencies. There are 55 beds in the facility, which has an average occupancy rate of 33%. The county does not have a facility to hold its juvenile inmates and instead transfers its juveniles to Graham County at an annual cost of approximately \$250,000 by renting up to eight beds.

### **State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 was \$133,345, broken down as follows: HURF - \$73,107; RTC - \$36,905; JP salaries - \$22,330; and ACJC grants - \$1,003.

### **Debt/Capital Projects:**

Recently completed and ongoing capital improvements in Greenlee County include the following:

- Water system upgrades at Fairgrounds completed; added water storage tanks/pumps
- Annex-energy efficiency implementation of HVAC electronic controls
- Fleet replacement/maintenance policy-continuing with rotation (delayed purchase of SO vehicles until Spring, did not purchase planned fleet replacement)
- Heavy equipment replacement/maintenance policy-continuing with rotation
- Five-year road project plan-continuing
- Public works facility-plans to build a new one; combine two separate yards-moved Public Works into Old Probation Building at Airport; moved Elections warehouse to courthouse
- Replaced carpet/tile in Annex; will do the same in the jails this fiscal year
- Plan to build kitchen for county jail facility (\$70,000 for building, lease-purchase equipment)
- Working with Freeport-McMoRan for next construction/demolition debris cell for landfill

The Department of Revenue's FY 2010 Report of Bonded Indebtedness reports that the county does not hold any bonds. The debt service budget for long-term debt remains the same in FY 2012 at \$600,000.

# LA PAZ COUNTY

## Overview

- La Paz's general fund budget for FY 2012 is \$12,646,826, a decrease of \$1,248,249 (9%) from FY 2011's general fund budget of \$13,895,075.
- The county's beginning general fund balance of \$350,917 is a decrease of \$1,246,443 from last year's beginning fund balance of \$1,597,360. The balance accounts for 2.8% of the general fund.
- FY 2012's total budget is \$26,916,805, a decrease of \$3,198,031 (10.6%) below last year's total budget of \$30,114,836.

## Property Tax Revenues

### *Primary Levy*

- La Paz County's primary property tax levy is \$4,477,787, up \$278,796 (6.6%) from last year's levy of \$4,198,991, which is the county's constitutional levy limit. Of the \$278,796 increase, \$191,071 was attributable to new construction and \$87,725 was an increase to existing properties.
- The rate increased \$0.1128, from \$1.8616 to \$1.9744. Since the adopted rate exceeded the TNT rate of \$1.9357, the county was required to hold a TNT hearing.

La Paz County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	1.8616	1.9744	0.1128	1.9357	\$4,198,991	\$4,477,787	\$278,796	7%

## Other General Fund Revenues

- Auto lieu is up \$23,000, from \$517,000 to \$540,000.
- State shared sales tax is up \$140,000 (9%), from \$1,560,000 to \$1,700,000.
- Half-cent sales tax revenues remain the same in FY 2012 at \$1,000,000.
- Other miscellaneous revenues are down \$420,000 (70%), from \$602,400 to \$182,400.
- PILT is up \$14,000, from \$1,786,000 to \$1,800,000.

## Special Revenues

### *Road Fund*

- HURF revenue is the same at \$3,400,000.
- Intergovernmental revenues decreased \$17,000, from \$490,000 to \$473,000.
- The Public Works budget decreased \$1,003,090, from \$5,426,500 to \$4,423,410.

### *Enterprise Fund*

- The revenues from the La Paz County Golf Course decreased slightly by \$4,032, from \$1,718,888 to \$1,714,856.
- The Golf Course budget decreased \$7,587, from \$1,371,528 to \$1,363,941.

### *Jail District*

- The jail district excise tax is estimated to bring in \$1,000,000 in FY 2012, the same amount as last year.
- The jail district budget includes \$1,750,000 in intergovernmental revenues from the housing of federal and Coconino County inmates, which is \$250,000 below last year. The County rents beds to governmental entities at a rate of \$44/day and to private entities at \$65/day. The county's maintenance of effort payment is \$705,509 in FY 2012, up from \$699,209 in FY 2011.
- Existing jail facilities: The adult facility holds 228 beds, and during FY 2011, the average daily bed occupancy was 180. There are 43 FTE's in the district.

- Medical expenses in FY 2011 were \$144,908 and are budgeted at \$120,000 in FY 2012.
- The County does not currently have a juvenile facility, and instead, transfers its juveniles to Yuma County. Yuma County charges La Paz \$80/day, with budgeted expenditures in FY 2012 of \$50,000.

**Expenditures:**

- **Budgeted Payroll:** In FY 2011, the general fund budgeted payroll was \$8,496,515 and \$17,681,290 in total funds. Budgeted payroll for FY 2012 is \$7,791,323 for the general fund and \$14,457,830 for total funds.
- **Employee compensation:** The County did not budget for any pay raises in FY 2012.
- **Vacancy & Turnover rates:** The employee vacancy rate is 3.48% and the employee turnover rate is 13.2%.
- **Budgeted FTE's:** In FY 2011, budgeted FTE's in the general fund were 139 and 275 in total funds. In FY 2012, general fund FTE's dropped to 122 and total funds FTE's decreased to 244.
- **Health Benefits:** The County covers 100% of health benefit costs for employees and 50% for dependents. The county is not experiencing an increase in health insurance premiums in FY 2012.

**Yakima Judgment/Bonds:**

With the passage of SB1178, the county will issue TPT-funded bonds to pay its \$14 million judgment to Yakima. The amount budgeted, not to exceed \$19 million, includes the judgment, 2% underwriting fees, bond counsel fees, and a \$275,000 charge for the bond issuance. The half-cent sales tax took effect on December 1, 2011. The tax is estimated to be in effect for 20 years, although the county anticipates it will be less at around 16 years.

**State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 is \$442,310, broken down as follows: HURF – \$337,173; RTC - \$47,641; JP salaries - \$54,429; and ACJC grants - \$3,067.

The county backfilled state cost shifts with funds from the county recorder and the public defender for a total of \$150,000.

**Debt/Capital Projects:**

The County recently expanded its jail facilities. The facility is a two-story addition, which includes a remodel of the booking and administration areas, expansion of the dispatch area, upgrades to existing electronics in the control tower and throughout the jail. Also included is the addition of a 15-prisoner dormitory, with the intention to hold female detainees and an isolation cell that can hold up to four prisoners.

In 2003, the county refunded their 1996 COPs (reduced interest rate with the original maturity date) with a \$480,000 remaining balance. In addition, the county issued \$2.022 million in COPs in 2007, financed over ten years, for the jail expansion. The budgeted lease-purchase payment in FY 2012 is \$247,811.

According to the Department of Revenue's FY 2011 Report of Bonded Indebtedness, La Paz County has \$1,487,966 in outstanding lease-purchase debt (the lease-purchase was for 500 acre feet of 4<sup>th</sup> priority Colorado River Water and construction of the Centennial Community Center) and the La Paz County jail district has \$1,727,231 in outstanding lease-purchase debt as a result of the jail expansion discussed above.

The county is not budgeting for any capital projects for the third straight year.

## MARICOPA COUNTY

### Overview

- Maricopa's general fund budget is \$1,155,761,404 in FY 2012, representing a decrease of \$8,821,246 (0.6%) from last year's adopted budget of \$1,164,582,650.
- The actual cash balance as reported in the county's other budget documents is approximately \$384 million; however, the county reports the general fund unreserved beginning fund balance to be \$225,405,703, according to the auditor general forms. The cash balance represents 33% of the general fund budget and the county states that the capital fund cash balances are dedicated to their "pay-as-you-go" capital projects program (see "capital projects" summary).
- Maricopa County's total budget is up \$58,506,303 (2.3%), from \$2,524,321,276 to \$2,582,827,579.

### Property Tax Revenues

#### *Primary Levy*

- The primary levy decreased from \$492,224,342 to \$477,571,468, which is \$60,625,055 (11.3%) less than the county's constitutional limit. The \$9,304,268 in new construction net assessed value that was added to the tax roll was offset by a much larger drop in the current value of existing property of \$23,957,142.
- The primary tax rate for Maricopa County increased from \$1.0508 to \$1.2407, which is \$0.1575 below the maximum tax rate of \$1.3982. In addition, this year's primary rate was \$0.0622 less than the TNT rate of \$1.3029. As a result, the county was not required to hold a TNT hearing.

#### *Library District*

- The library district's levy for FY 2012 is down from \$20,479,696 to \$19,070,066. The secondary rate increased from \$0.0412 to \$0.0492. As in the past, the county limited the library district levy according to TNT standards.
- The library district budget decreased 12.7%, from \$28,088,417 to \$24,531,950.
- In FY 2011, the county charged the district \$635,129 for indirect costs. The county is charging the district \$760,638 (4% of levy) in FY 2012.
- The beginning fund balance in the library district is \$16,215,874.

#### *Flood Control District*

- The FY 2012 flood control levy is \$62,401,172, a \$5,618,420 (8.3%) decrease from last year. The tax rate increased from \$0.1489 to \$0.1780. Just like the library district, the county limited the flood control district levy to TNT standards.
- The flood control district budget decreased \$1,044,673 (1.1%), from \$97,952,086 to \$96,907,413.
- The FY 2012 district budget includes \$60 million in capital projects, nearly the same as last year.
- In FY 2011, the county charged the flood control district \$1,419,286 for indirect costs. The county's charge to the district dropped to \$1,274,433 (2% of levy) in FY 2012.
- The beginning fund balance in FY 2012 is \$85,205,322.

#### *Stadium District*

- The FY 2012 stadium district budget is \$8,391,083, down \$2,076,867 (20%) from last year's budget of \$10,467,950.
- Sales tax revenues remained constant at \$4,321,845. License & permit revenues increased slightly from \$3,172,991 to \$3,200,901. Other charges increased from \$1,196,092 to \$1,198,123.
- The FY 2012 beginning fund balance is \$29,755,129.

- Projects completed in FY 2011 included the party suite renovation (\$1 million), roof coating (\$1 million), line-up board replacement (\$1 million), and solar shade structure (\$0-Partnership with APS and Diamondbacks)
- The county is charging the district \$26,190 for reimbursement of services in FY 2012, down from \$40,967 in FY 2011.

Maricopa County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	TY 2010 Levy	TY 2011 Levy	Difference	% Difference
Primary	1.0508	1.2407	0.1899	1.3029	\$492,224,342	\$477,571,468	-\$14,652,874	-3.0%
Library	0.0412	0.0492	0.0080		\$20,479,676	\$19,070,066	-\$1,409,610	-6.9%
Flood	0.1489	0.1780	0.0291		\$68,019,592	\$62,401,172	-\$5,618,420	-8.3%
<b>Overall Rate</b>	<b>1.2409</b>	<b>1.4679</b>	<b>0.2270</b>		<b>\$580,723,610</b>	<b>\$559,042,706</b>	<b>-\$21,680,904</b>	<b>-3.7%</b>

### Other General Fund Revenues

- State shared sales taxes stayed constant at \$369,740,752.
- State shared vehicle license tax decreased \$2,260,950 (2.0%), from \$113,380,026 to \$111,119,076.
- PILT is up \$1,715,550 (17.1%), from \$10,060,000 to \$11,775,550.

### Special Revenues

#### *Jail Sales Tax*

- The county budgeted \$109,584,249 in the jail sales tax, up from \$104,216,987 last year. This is an increase of \$5,367,262 (5.2%).
- The maintenance of effort payment in FY 2012 is \$167,621,162, down \$8,845,174 (5.0%) from last year.

#### *Highway & Transportation Revenue*

- HURF decreased \$10,143,288 (11.5%), from \$88,134,046 to \$77,990,758.
- The HURF budget (transportation operations fund) decreased from \$98,328,036 to \$86,885,709 in FY 2012.

### Expenditures

- **Employee Compensation:** The County did not budget for employee compensation in FY 2012. However, the county budgeted \$500,000 for their Peak Performers Program in which the county distributes gift certificates (typically \$25) to employees that qualify. The county continued to fund tuition reimbursement (Education Assistance Program), which increased \$150,000 (8.1%) this year to \$2,000,000. Costs associated with the Rewarding Ideas Program and the Attorney Loan Repayment Program are absorbed by the departments' budgets. In the Rewarding Ideas Program, an employee may receive up to \$2,500 for ideas demonstrated to save costs to the county.
- **Vacancy & Turnover rates:** The employee vacancy rate for most departments is between 3% and 6% and the voluntary turnover rate is 3.9%.
- **Budgeted FTE's:** Total FTE's are budgeted at 13,525, down 1,141 from FY 2011. Total budgeted FTEs in the General Fund increased by 10 to 6,957 in FY 2012.
- **Budgeted payroll:** The FY 2011 total budgeted payroll, including ERE's, was \$888,805,369 and \$432,028,979 in the general fund. In FY 2012, budgeted payroll for the general fund decreased to \$348,942,428 and total payroll dropped to \$630,847,601.
- **Health Benefits:** The increase in health insurance benefit costs in FY 2012 amounts to \$2,300,000, of which \$1,700,000 is in the general fund. Maricopa County is self-insured for health benefits and is now charging each department a composite rate for each employee.

• **Jail facilities:**

- **Adult facilities:** The adult facilities hold up to 9,000 beds (includes triple-bunking plus beds in “tent city”). Average occupancy is approximately 7,600 inmates. Maricopa County does not rent beds to other jurisdictions. In FY 2011, medical expenses in the adult facilities were \$51,042,379 (includes cost of services provided within the jails, by hospitals and other outside providers) and will remain the same in FY 2012.
- **Juvenile facilities:** The juvenile facilities hold up to 406 beds; the average daily population was forecasted at 265 for FY 2011. Medical costs in the juvenile facilities are budgeted at \$3,329,836.

**State Cost Shifts:**

The impact to the county as a result of state cost shifts in FY 2012 is \$54,863,737, broken down as follows: HURF – \$15,153,527; SVP – \$3,865,828; Superior Court judge salaries – \$9,012,159; Cash transfer – \$26,384,500; and ACJC – \$447,723.

**Capital Projects:**

Maricopa County’s Capital Improvement Program (CIP) is a modified “pay as you go” policy in which the County pays for projects through a combination of cash and Lease Revenue Bonds.

In FY 2011, the county completed several projects, including: Santa Fe Depot refurbishing; West Court floors 2, 3, and 4; Fifth Avenue remediation; Security Building renovations; and White Tank Nature Center and Library. Some of the major general fund capital projects that remain from FY 2011 include the Criminal Court Tower, which is anticipated for completion by February 2012, energy conservation projects; Maricopa Regional Trail, and the MCSO crime lab relocation.

In the FY 2012 budget, the county is planning to spend \$424 million for CIP.

<b>FUND</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b><i>General Fund</i></b>		
Intergovernmental capital projects	\$232,683	\$125,000
General Fund County Improvements	\$196,836,794	\$95,154,377
Technology Capital Improvements	\$56,134,813	\$99,002,554
<b><i>Subtotal</i></b>	<b>\$253,204,290</b>	<b>\$194,281,931</b>
<b><i>Special Revenue</i></b>		
Transportation Capital Projects	\$98,872,518	\$115,550,123
Detention Capital Projects	\$69,929,821	\$101,873,974
Detention Technology Improvements	\$5,718,000	\$12,279,466
<b><i>Subtotal</i></b>	<b>\$174,520,339</b>	<b>\$229,703,563</b>
<b>Total</b>	<b>\$427,724,629</b>	<b>\$423,985,494</b>

The detailed list of the FY 2012 capital projects is as follows:

<b>Intergovernmental Capital Projects</b>		<b>Technology Improvement Fund (cont.)</b>	
Vulture Mountain Study	\$125,000	Infrastructure Refresh Phase 2	\$13,729,990
		Integrated Workplace Mgmt System	\$1,123,000
<b>General Fund County Improvements</b>		Radio System	\$39,655,342
Chambers SW Space Remodel	\$2,399,905	Sheriff 911 Center Equipment	\$8,108,000
Clerk of Superior Court Remodel	\$8,229,359	Sheriff HQ IT Infrastructure	\$4,220,934
Court Tower	\$50,548,800		<b>\$66,837,266</b>
Energy Conservation Projects	\$4,873,635		
Maricopa Regional Trail System	\$875,477	<b>Detention Technology Improvement Fund</b>	
MCSO Crime Lab Relocation	\$2,606,806	Correctional Health Zone H	\$3,349,950
Old Courthouse Remodel/Rehab.	\$2,373,811	Electronic Medical Records System	\$3,229,516
Sheriff's Headquarter Project	\$20,000,000	NICE Vision System	\$5,700,000
SE Facility Remodel	\$3,178,584		<b>\$12,279,466</b>
Vulture Mountain Study	\$68,000		
	<b>\$95,154,377</b>	<b>Transportation Capital Projects</b>	
<b>Detention Capital Projects Fund</b>		Bridge Preservation	\$8,440,000
Court Tower	\$28,391,973	County Arterials	\$10,445,000
Energy Conservation Projects	\$5,342,176	Dust Mitigation	\$4,170,000
Sheriff's Headquarter Project	\$16,000,000	Intelligent Transportation Systems	\$2,500,000
Project Reserve	\$52,139,825	MAG ALCP Projects	\$48,550,000
	<b>\$101,873,974</b>	Partnerships	\$2,825,000
		Pavement Preservation	\$13,580,000
<b>Technology Improvement Fund</b>		Planning	\$1,630,000
Contact Center System	\$1,726,088	Right-of-way	\$280,000
County Telephone System	\$17,287,800	Safety Projects	\$4,730,000
Court Security Integration	\$1,000,000	Traffic Improvements	\$8,400,000
Enterprise Data Center	\$12,151,400	Administration	\$9,868,167
		Energy Conservation Projects	\$131,956
			<b>\$115,550,123</b>

### **Debt Service:**

In FY 2011, the total outstanding debt amounted to \$133,930,000, according to the Arizona Department of Revenue's annual report on Bonded Indebtedness. Of that amount, \$131,555,000 is in Revenue Bonds and \$2,375,000 in certificates of participation (COP's).

In addition, the Stadium District has a total outstanding debt amount of \$34,515,000 in revenue bonds.

The FY 2012 county budget shows the total debt service payments at \$26,040,385, with \$19,408,417 attributable to non-departmental funds and \$6,631,968 for the Stadium District debt.

# MOHAVE COUNTY

## Overview

- Mohave County's general fund budget increased \$2,151,857 (2.6%), from \$81,946,277 to \$84,098,134.
- The county's unreserved general fund balance decreased \$448,630 (3.9%), from \$11,583,219 to \$11,134,589. The general fund balance represents 13.2% of the total general fund.
- The total budget for Mohave County is \$268,815,191, which is an increase of \$1,115,117 (4%) from last year's total adopted budget of \$267,700,074.

## Property Tax Revenues

### *Primary Levy*

- The county's primary levy grew \$836,197 (2.4%), from \$34,330,879 to \$35,167,076. Of the \$836,197 increase, \$497,934 was the result of new construction and \$689,865 was an increase to existing properties.
- The county adopted its maximum primary tax rate of \$1.8196, a 36-cent increase from last year's tax rate of \$1.4637. Since the proposed rate exceeded the TNT rate of \$1.7839, the County was required to hold a TNT hearing.

### *Flood Control*

- The county flood control rate is \$0.5000, the same rate that the county has levied since tax year 1998, which is also the maximum rate allowable by statute.
- In FY 2012, flood control district levy decreased \$2,636,407 (21.4%), from \$12,306,730 to \$9,670,323.
- The district started the FY 2011 budget year with a fund balance of \$22.4 million. In FY 2012, the beginning fund balance is \$19.3 million.
- The flood control district budget decreased \$11,650,655, from \$34,527,661 to \$22,877,006. Actual expenditures in FY 2011 were reported at \$9,274,560 (27% of budget).
- The county transferred \$451,184 from the flood control district to the general fund in FY 2011. The amount transferred in FY 2012 is unknown.

### *Library District*

- The library district rate stayed the same at \$0.3236. The \$0.3236 tax rate will generate \$1,713,105 (21%) less in revenue this year, from \$8,175,910 to \$6,462,805.
- The beginning fund balance in the library district in FY 2011 was \$11.3 million. In FY 2012, the beginning fund balance is \$10.4 million.
- The library district budget increased \$139,145, from \$11,309,084 to \$11,448,229. Actual expenditures in FY 2011 were reported at \$5,703,285 (50% of budget).

### *Television District*

- Mohave County's TV district exists to provide and maintain communication equipment resources for residents. The TV district will generate \$458,981 (21%) less than last year, from \$2,190,517 to \$1,731,536, since the district levied a rate of \$0.0867 (same rate since tax year 1998).
- The district held \$6.6 million in its fund balance at the beginning of FY 2011. The district's beginning fund balance in FY 2012 is \$7.2 million.
- The district's budget increased \$410,272 (4.8%), from \$8,524,023 to \$8,934,295. Actual expenditures in FY 2010 were reported at only \$869,425 and even less during FY 2011 at \$786,556 (9% of budget).

Mohave County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	1.4637	1.8196	0.3559	1.7839	\$34,330,879	\$35,167,076	\$836,197	2%
Flood	0.5000	0.5000	0.0000		\$12,306,730	\$9,670,323	-\$2,636,407	-21%
Library	0.3236	0.3236	0.0000		\$8,175,910	\$6,462,805	-\$1,713,105	-21%
T.V.	0.0867	0.0867	0.0000		\$2,190,517	\$1,731,536	-\$458,981	-21%
<b>Overall Rate</b>	<b>2.3740</b>	<b>2.7299</b>	<b>0.3559</b>		<b>\$57,004,036</b>	<b>\$53,031,740</b>	<b>-\$3,972,296</b>	<b>-7%</b>

### Other General Fund Revenues

- State shared sales tax is up \$27,874, from \$17,783,759 to \$17,662,000.
- Auto lieu is the same this year at \$6,015,000.
- PILT is down from \$3,837,906 in FY 2011 to \$3,216,280 in FY 2012.
- The county has a general fund quarter-cent sales tax that is used to fund capital projects. In FY 2012, the revenues are up \$55,000, from \$5,759,100 to \$5,814,100.

### Special Revenues

#### *Road Fund*

- Revenues under the Transportation Operations Fund decreased from \$13,844,796 to \$12,503,649. At the end of FY 2010, the county held \$10,075,813 in reserves in the Road Fund.
- The HURF budget decreased \$4,783,625 (20%), from \$24,071,071 to \$19,287,446. Actual expenditures in FY 2011 were reported at \$12,080,353.

### Expenditures

- **Employee compensation (History):**
  - FY 2006: The county awarded employee's with a 3% COLA, effective 7/7/05. The cost to the general fund was \$800,000 and \$1,300,000 to total funds. The county also set aside \$1 million for mid-year market adjustments (10% increase for all employees), which took effect on 1/1/06. The county claimed that the market adjustment was necessary due to the county's 16% turnover rate.
  - FY 2007: 8.7% increase for employees.
  - FY 2008: 2.5% COLA (all); 2.5% step (70% of eligible employees).
  - FY 2009: The County awarded employees with a 2.5% merit increase and \$996,000 in step increases. The county did not budget for employee pay raises in FY 2010. However, four of seven county employees were promoted to "deputy county managers" with salaries ranging from \$97,552 to \$151,381. It is estimated that promoting the four individuals cost the county \$100,000 but saved the county \$560,000 according to county officials (based on eliminating the positions through the restructuring and vacant positions).
  - FY 2010: Unknown
  - FY 2011: The County did not budget for any pay raises.
  - FY 2012: The County did not budget for any pay raises.
- **Budgeted FTE's:** In FY 2009, the general fund FTE's decreased from 788 to 769 (estimated) and total fund FTE's increased slightly from 1,355 to 1,357. In FY 2010, no employees were laid off, but after cutting 65 vacant positions, general fund FTE's amounted to 747. There were approximately 75 vacant positions in the general fund at that time. FTE's in the special funds were estimated at 1,335. In FY 2011, the county reduced general fund FTE's by 19.5, bringing the total unfunded positions to 73 of the 749 total FTE's in the general fund. In FY 2012, the county budgeted for 779 general fund FTE's, which includes 117 vacant positions.
- **Budgeted Payroll:** In FY 2010, general fund payroll, including ERE's, amounted to \$112 million. In FY 2011, general fund payroll dropped slightly to \$110 million. The estimated general fund payroll costs in FY 2012 are estimated at nearly \$124 million.

- **Jail facilities:** The existing jail facility was designed to hold 240 beds but housed an average of 350 to 400. The County built a new jail which opened in December 2010. The total cost of the project was \$72 million, with the majority financed through a 15-year lease-purchase agreement (\$25.5 million was dedicated from the county's ¼-cent sales tax). The facility has 242,000 square feet and holds 688 beds, with the ability to expand up to 850 beds upon the completion of an unfinished pod, with maximum future expansion up to 1,400 beds. Staffing levels of existing jail was 38 detention officers, 11 officer assistants, and 1 detention supervisor, which amounted to \$2.3 million. The new jail will staff 68.5 detention officers, 15 officer's assistants, and 1 detention officer, which will cost an additional \$1.58 million. While the old jail was located directly across the street from Superior Court, the new jail is one mile from the courthouse; therefore, the county is now required to bus the prisoners for court appearances. The county increased its charges to the cities, from \$58 to \$79 per inmate days and increased the fee to \$98 beginning July 1.
- In FY 2012, the Sheriff's budget increased from \$10,227,878 to \$10,843,397 and the Sheriff's jail fund increased from \$9,378,482 to \$10,573,836.
- The General Administration budget increased from \$1,835,392 to \$2,856,363.
- The Board of Supervisors signed a one-year contract with Educational Services Incorporated, which is a "return-to-work" leasing company, to hire the county's existing Finance Director for \$148,180. The contract is from Feb 7, 2011 to February 6, 2012.
- The Anti-Racketeering budget increased \$293,904 (16.5%), from \$1,786,473 to \$2,080,377. The county spent only 9.6% of the budget in FY 2011.
- The budget for the Immunization Program increased \$33,206 (3.4%), from \$991,124 to \$1,024,330. Only 16% of the program's budget was spent in FY 2011.

#### **State Cost Shifts:**

The impacts to the county as a result of the state cost shifts in FY 2012 is \$3,881,542, broken down as follows: HURF - \$1,850,179; SVP - \$18,721; RTC - \$511,973; JP salaries - \$96,298; Lump-sum transfer - \$1,383,700; and ACJC grants - \$20,671.

#### **Debt/Capital Projects:**

**Debt:** In FY 2011, the certificates of participation (COP's) reported in the Arizona Department of Revenue annual debt report for Mohave County was \$11,920,000. In addition, Mohave County has \$36,155,000 outstanding in revenue bonds for its jail district.

The total debt service budget for FY 2012 amounts to \$18,524,367. The debt service payment for the Jail increased from \$4,872,500 to \$9,872,188. The debt service payments for the 2004 Certificates of Participation (COPs) increased from \$2,340,806 to \$7,689,615. Also included in the total debt service is a payment of \$962,564 for the GVID water distribution debt.

**Capital Projects:** The total budget for capital projects in FY 2012 is \$10,847,102, up from last year's budget of \$6,495,883. The largest portion of the capital projects budget is for the Public Works Administration Building, which amounts to \$5,900,000 (Total cost of the project is actually \$6.2 million). Another \$5 million is allocated for Capital Improvements for construction of the Moccasin Justice Court. The audited fund balance for the County Capital Improvement Fund on June 30, 2010 was approximately \$12 million.

## NAVAJO COUNTY

### Overview

- Navajo County's general fund budget decreased \$155,115 (0.4%), from \$38,847,148 in FY 2011 to \$38,692,033 in FY 2012.
- The general fund began FY 2012 with a \$4 million unreserved fund balance. The fund balance represents 10.3% of the total general fund.
- The county's total budget is down \$96,818, from \$114,010,704 to \$113,913,886.

### Property Tax Revenues

#### *Primary Levy*

- Navajo County levied \$5,970,898 in primary property taxes in FY 2012, which is \$70,123 (1.2%) more than last year's levy of \$5,900,775. Of the \$70,123 increase, \$239,723 was attributed to new construction, which was offset by a \$169,600 decrease in existing property.
- The rate increased from \$0.5572 to \$0.5984, which is the county's TNT rate; therefore, the county was not required to hold a TNT hearing.

#### *Flood Control District*

- The flood control district tax rate remains the same at \$0.3000 in FY 2012, which will generate a levy of \$3,038,839, \$394,525 (14.9%) more than last year.
- The flood control district budget increased \$2,382,399 (23.6%), from \$10,101,020 in FY 2011 to \$12,483,419. The district holds approximately \$9.3 million in reserves. The county has five or more years left in the study phase of repairing the Winslow Levee, which is estimated to cost in excess of \$25 to \$30 million to the county. However, county officials do not anticipate construction to commence for another ten years.
- In FY 2012, the county transferred \$214,528 (7% of levy) from the flood control district to the county general fund, which is down \$49,139 from last year's transfer of \$263,667, for the reimbursement of indirect costs. The county did not transfer any flood control district funds to the general fund to compensate for the state cost shifts.

#### *Library District*

- The library district levied \$520,206, which is down \$43,723 (7.8%) from last year's levy of \$563,929. The library district tax rate remains the same at \$0.0500.
- The library district budget decreased \$147,720 (22%), from \$670,508 to \$522,788.
- The library district has a beginning fund balance of \$73,000.
- In FY 2011, the county charged the library district \$303,129 for reimbursement of services. In FY 2012, the county has budgeted for a transfer of \$245,564 from the library district to the general fund, which represents approximately 47% of the library district levy.

#### *Public Health Services District (PHSD)*

- The Board of Supervisors established the PHSD by unanimous vote in 2002. In FY 2012, the tax rate remains the same at \$0.1963, generating \$171,654 (7.8%) less in secondary taxes, from \$2,213,983 to \$2,042,329. The maintenance of effort payment is \$211,175.
- The PHSD budget decreased \$137,181 (6.9%), from \$1,977,236 to \$1,840,055. The district pays for a variety of services, ranging from animal control services to detention nurses' salaries.
- For FY 2012, the PHSD has a beginning fund balance of \$850,000.

- The county used approximately \$2 million in district reserves to construct a health building in Show Low, which was completed in the fall of 2010. The remaining balance of \$1.2 million of the \$3 million project was picked up by the county general fund.
- The county has budgeted for the transfer of \$461,467 from the PHSD to the general fund for reimbursement of services, which accounts for 23% of the property taxes levied for the district. Last year, the county transferred \$1,150,674 from the district to the general fund, \$578,485 of which was to backfill state cost shifts. However, the county did not transfer any additional funds from the district to the general fund to backfill state cost shifts this year.

Navajo County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	TY 2010 Levy	TY 2011 Levy	Difference	% Difference
Primary	0.5572	0.5984	0.0412	0.5984	\$5,900,775	\$6,017,859	\$117,084	2.0%
Flood	0.3000	0.3000	0.0000		\$2,644,314	\$2,210,427	-\$433,887	-16.4%
Library	0.0500	0.0500	0.0000		\$563,929	\$513,069	-\$50,860	-9.0%
PHSD	0.1963	0.1963	0.0000		\$2,213,983	\$2,014,307	-\$199,676	-9.0%
<b>Overall Rate</b>	<b>1.1035</b>	<b>1.1447</b>	<b>0.0412</b>		<b>\$11,323,001</b>	<b>\$10,755,662</b>	<b>-\$567,339</b>	<b>-5.0%</b>

### Other General Fund Revenues

- Auto lieu increased \$26,711 (1.3%), from \$2,018,428 to \$2,045,139.
- State shared sales tax is up \$684,603 (7.7%), from \$8,879,038 to \$9,563,641.
- Half-cent sales tax increased \$615,070 (11.4%), from \$5,406,903 to \$6,021,973.
- PILT is down \$117,000 (10%), from \$1,170,000 to \$1,053,000.

### Special Revenues

#### *Road Fund*

- HURF revenue decreased \$452,372 (5.7%), from \$7,902,372 to \$7,450,000. The Public Works/HURF budget decreased \$3,363,795 (14.4%), from \$23,387,781 to \$20,023,986.
- The County transferred \$678,399 from HURF to the county general fund for reimbursement of services, down \$109,107 from last year.
- Auto Lieu decreased \$250,000 (10%), from \$2,500,000 to \$2,250,000.

### Expenditures

- **Employee compensation:** Effective July 1, 2009, the county decreased all county employee salaries by 2.5% and that reduction has been carried forward into FY 2012.
- **Budgeted FTE's:** In FY 2011, the county had 368 FTE's in the general fund and 685 in total funds. In FY 2012, general fund FTE's decreased to 346 and total funds decreased to 659.
- **Budgeted payroll:** In FY 2011, the budgeted payroll, including ERE's, in the general fund was \$23,483,301 and the total funds budgeted payroll was \$41,416,623. Budgeted payroll decreased in FY 2012 to \$23,020,379 in the general fund and \$40,905,148 in total funds.
- **Health benefits:** County employees absorbed the majority of the 7% increase in health insurance premiums in FY 2012. There was no change in benefit structure. The total cost of the increase was approximately \$240,000, of which \$227,402 was absorbed by employees. Of the total increase, \$160,000 is attributable to the general fund and \$80,000 is attributable to other funds. The County pays approximately 70% for employee and family health coverage in FY 2012, down from approximately 75% in FY 2011.
- **Vacancy & turnover rates:** The County currently has a vacancy rate of approximately 19% in the general fund and 13% for all funds and a turnover rate of 6%.
- **Jail Facilities:** The County jail holds 420 beds and is near full capacity. In FY 2011, the County rented approximately 100 beds to BOP at \$67/day. BOP, however, has cancelled its contract with the county for FY 2012 and beyond. This year, the county will begin charging municipalities for bed

rentals at half of the federal rate for the next three years, with revenue estimates by the county of approximately \$300,000. A contract has recently been secured with BIA for housing inmates, estimated to bring in less than \$30,000 in FY 2012. The county has submitted a contract proposal to house US Marshall inmates; however, the county does not expect the contract to go into effect in FY 2012.

- Budgeted medical expenses in the jail facilities amounted to \$964,517 in FY 2011. Budgeted medical expenses are up in FY 2012 to \$1,033,902, consisting of medical professional services (\$243,535), drugs and medicine (\$105,500), food supplies (\$462,500), and other jail supplies such as inmate clothing and bedding (\$222,367).

**State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 is \$1,301,219, broken down as follows: HURF - \$746,317; SVP - \$88,394; RTC - \$354,288; JP salaries - \$99,089; and ACJC grants - \$13,131.

**Debt/Capital Projects:**

According to the Department of Revenue's FY 2011 Report of Indebtedness, the county holds \$9,890,000 in revenue bonds:

- The county issued \$7.3 million in 20-year COP's in 2000 for the construction of a jail facility. The debt service payment in FY 2012 is \$650,000.
- The county issued \$6.6 million in 15-year revenue bonds in 2008 to pay for several projects, including a new county administrative building in Heber-Overgaard, facility renovations and improvements of water tanks and other facilities at the Holbrook county complex, renovations and improvements to the electrical system at the county complex, and the acquisition of sites, improvements and buildings located in Show Low, which will serve as a new regional county service center. The county pays for the debt service payments with general fund TPT revenues, with a payment in FY 2012 of \$585,985.

The county did not budget for any new capital projects in the general fund in FY 2012. However, the county budgeted \$1,220,809 in Public Works capital projects.

## PIMA COUNTY

### Overview

- Pima County's general fund budget for FY 2012 is \$491,653,455, an increase of \$3,986,696 (0.8%) over last years' general fund budget of \$487,666,759.
- The county's unreserved general fund balance for the beginning of this fiscal year is \$53,651,182, \$1,843,111 (3.6%) more than last year's fund balance of \$51,808,071. The current fund balance represents 11% of the total general fund.
- The total budget (total financial resources available) decreased \$207,902,663 (10.5%), from \$1,974,679,434 to \$1,766,776,771. The majority of the decrease comes from a \$142 million (66%) drop in the Pima Health System budget, from \$216,585,685 to \$74,286,500. Capital projects are also declining, dropping nearly \$64 million from last year's budget.

### Property Tax Revenues

#### *Primary Levy*

- The levy decreased \$12,174,044, from \$296,197,333 to \$284,023,289, which was \$51,788,668 below the maximum allowable levy and \$16,109,243 below the TNT levy. The county is holding \$22,376,589 in a "Property Tax Stabilization Fund" for possible future tax relief.
- The county's primary tax rate increased \$0.1045, from \$3.3133 to \$3.4178, which is 62 cents below the maximum rate of \$4.0410 and \$0.1940 below the TNT rate of \$3.6118. As a result, the county was not required to hold a TNT hearing.

#### *Debt Service*

- The county's debt service rate increased three cents, from \$0.7500 to \$0.7800. The levy decreased \$3,909,993, from \$70,069,209 to \$66,159,216.
- The debt service budget decreased \$5,453,346, from \$106,277,555 to \$100,824,209.

#### *Flood Control*

- The flood control district levy decreased \$2,269,481 (10%), from \$22,474,309 to \$20,204,828. The rate stayed the same at \$0.2635.
- The district's budget decreased \$183,410, from \$12,227,360 to \$12,043,950.
- FY 2012 beginning fund balance is estimated at \$11.8 million.
- In FY 2012, the county is charging the flood control district \$757,764 (3.8% of levy) for reimbursement of services.

#### *Library District*

- The Pima County library district rate increased 3.6 cents, from \$0.3100 to \$0.3460, with the levy increasing \$385,610 (1.3%), from \$28,961,940 to \$29,347,550.
- The Library District budget decreased \$2,596,042 (7.5%), from \$34,808,638 to \$32,212,596. The county operates 26 branches and provides half the funding for one affiliate branch in Oro Valley (all employees are county employees except for Oro Valley). The county anticipates the costs for the Oro Valley branch to be \$600,000.
- The district's beginning fund balance is approximately \$13 million for FY 2012.
- The county does not charge the library district for reimbursement of services.

Pima County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	3.3133	3.4178	0.1045	3.6118	\$296,197,333	\$284,023,289	-\$12,174,044	-4.1%
Bonds	0.7500	0.7800	0.0300		\$70,069,209	\$66,159,216	-\$3,909,993	-5.6%
Flood Control	0.2635	0.2635	0.0000		\$22,474,309	\$20,204,828	-\$2,269,481	-10.1%
Library	0.3100	0.3460	0.0360		\$28,961,940	\$29,347,550	\$385,610	1.3%
<b>Overall Rate</b>	<b>4.6368</b>	<b>4.8073</b>	<b>0.1705</b>		<b>\$417,702,791</b>	<b>\$399,734,883</b>	<b>-\$17,967,908</b>	<b>-4.3%</b>

### **Other General Fund Revenues**

- State shared sales tax revenues are budgeted to bring in \$86,228,700, \$3,228,700 (3.9%) more than last year.
- Auto lieu tax stayed the same at \$23,255,000.
- Transient lodging tax is up \$341,374 (7.9%), from \$4,309,978 to \$4,651,352.

### **Other Special Revenues**

#### ***Transportation***

- Intergovernmental revenue (HURF) is budgeted to generate \$47,811,694, \$2,579,325 (5.1%) less than last year. The transportation budget decreased \$559,694 (1.5%), from \$37,312,935 to \$36,753,241.

#### ***Sheriff***

- The county does not rent beds to other jurisdictions, however, other jurisdictions are charged for misdemeanor arrests; \$200.38 for the first day and \$82.03/day for the remaining time served. In FY 2012, the county expects reimbursements from: Cities of \$7,000,000; the State of \$140,000; and the Feds of \$7,000 for a total of \$7,147,000.
- The adult facility can hold up to 2,200 beds with triple bunking. The average occupancy of the facility is 1,950.

### **Expenditures**

- **FTEs:** General fund FTE's decreased by 51, from 4,575 to 4,524. Total FTE's decreased from 7,672 to 7,361, a net reduction of 311.
- General fund budgeted payroll, including ERE's, increased \$2,218,176, from \$255,279,227 to \$257,497,403. Budgeted payroll for all funds decreased from \$446,697,039 in FY 2011 to \$433,446,049 in FY 2012, a drop of \$13,250,990 (3%).
- Pay raises were not awarded to county employees in FY 2012.
- In FY 2012, healthcare premiums increased \$4.6 million. The county absorbed the majority of the increase at a cost of \$3.7 million, with an impact of \$2,243,180 to the general fund.
- The employee vacancy rate is approximately 15.4% and the employee turnover rate is 13.7%.
- The county is in its final year of its contract with University Physician Healthcare for the operation of Kino and will transfer \$15 million in FY 2012 to the hospital.

### **State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 is \$15,158,196, broken down as follows: HURF - \$6,779,678; SVP - \$1,217,566; RTC - \$53,009; JP salaries - \$243,897; Lump-sum transfer - \$6,775,700; and ACJC - \$88,346.

### **Capital Projects:**

The total Capital Projects fund, which includes both bond and non-bond projects, is budgeted at \$215,088,008 in FY 2012 and includes the following:

- Regional Public Safety Communications System (\$6.1 million)
- Justice Court/Municipal Court Complex (\$27.2 million)
- Communications Emergency Operations Center (\$17.1 million)
- New courtrooms for the Superior Court (\$8.5 million)

**Debt Service:**

According to the Department of Revenue's report on indebtedness, the total outstanding debt at the end of FY 2010 in Pima County was \$997,804,256 [COP's=\$42,495,000; G.O.=\$452,750,000; and Revenue Bonds=\$502,559,256].

G.O. Bond debt: The budgeted payment in FY 2012 is \$71,155,570 to fund existing debt service. As the 1997 bonds are being retired, 2004 and 2006 bonds are being sold incurring new debt. Several major capital improvement projects are slated for this year, including the psychiatric facilities at the Kino Medical Campus, the Justice and Municipal Court Complex and the Regional Public Safety Radio System (PCWIN).

Street and Highway Revenue Debt Service: The 1997 Transportation Bond authorization provides for the sale of Street and Highway Revenue bonds with the debt service being repaid from HURF revenues. The budgeted debt service in FY 2012 is \$16,406,574.

Certificates of Participation (COP's): The 2008 and 2009 COP's were issued primarily to fund short-term cash flow requirements affecting the construction of transportation and sewer projects. The debt service is primarily funded with operating transfers from transportation impact fees and sewer revenue funds. In January, 2010, the County issued \$20 million in COP's to fund the PimaCore project for the acquisition of a countywide resource management system. The amount of \$13,221,465 is budgeted to fund existing debt service.

In FY 2011, the county issued \$118,625,000 in bonds, including \$75 million in G.O. bonds and \$43.6 million in revenue bonds.

The county is considering going back to voters with another bond election in 2013.

## PINAL COUNTY

### Overview

- Pinal County's general fund budget for FY 2012 is \$190,104,408. This is a decrease of \$7,338,998 (3.7%) below the FY 2011 budget.
- The county shows an unreserved general fund balance of \$39,600,000, which is \$1,021,121 (2.7%) more than last year. The fund balance represents 21% of the total general fund.
- The total budget decreased \$72,781,050 (16.9%), from \$429,878,000 to \$357,096,950. The majority of the decrease occurred in the county's Enterprise Funds (ALTCS), which dropped from \$77.3 million to \$27.1 million.

### Property Tax Revenues

#### *Primary Levy*

- The primary property tax levy for FY 2012 is \$86,403,886, generating \$16,083,395 (15.7%) less revenue than last years' levy of \$102,487,281.
- The primary tax rate stayed the same at \$3.9999, which is \$0.9926 less than the maximum allowable tax rate of \$4.9925. The proposed primary rate is also \$0.8837 less than the TNT rate of \$4.8836; therefore, the County was not required to hold a TNT hearing.

#### *Flood Control District*

- The Flood Control District levy decreased \$814,242 (21%), from \$3,925,702 to \$3,111,460. The tax rate for the district remains the same this year at \$0.1700.
- The flood control district budget increased \$394,707 (5.5%), from \$7,230,220 to \$7,624,927.
- In FY 2012, the beginning fund balance is \$4.7 million.
- In FY 2011, the county charged the district \$24,766 for reimbursement of services. In FY 2012, the county is charging the district \$15,577.

#### *Library District*

- The Library District levy is \$441,131 (17%) lower than last year, with a decrease from \$2,593,213 to \$2,152,082. The rate remains the same this year at \$0.0970.
- The total Library District budget decreased \$367,337 (15%), from \$2,523,009 to \$2,155,672.
- In FY 2012, the beginning fund balance is \$1 million.
- In FY 2011, the county charged the district \$614,718 for reimbursement of services. In FY 2012, the county is charging the district \$566,218 (26% of levy).

Pinal County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	3.9999	3.9999	0.0000	4.8835	\$102,487,281	\$86,403,886	-\$16,083,395	-16%
Flood	0.1700	0.1700	0.0000		\$3,925,702	\$3,111,460	-\$814,242	-21%
Library	0.0970	0.0970	0.0000		\$2,593,213	\$2,155,672	-\$437,541	-17%
<b>Overall Rate</b>	<b>4.2669</b>	<b>4.2669</b>	<b>0.0000</b>		<b>\$109,006,196</b>	<b>\$91,671,018</b>	<b>-\$17,335,178</b>	<b>-16%</b>

### Other General Fund Revenues

- The half-cent sales tax increased \$207,590 (1.7%), from \$12,000,000 to \$12,207,590.
- State shared sales tax is up \$6,890,000 (36.3%), from \$19,000,000 to \$25,890,000.
- Auto Lieu is up \$720,000 (9.5%), from \$7,600,000 to \$8,320,000.
- PILT decreased \$145,000 (10.4%), from \$1,400,000 to \$1,255,000.
- Building permit revenues decreased \$100,000 (9.1%), from \$1,100,000 to \$1,000,000.

### ***Public Health Services District***

- The county board of supervisors created a PHSD by unanimous vote of the board, which became effective in October 2007, and is funded by a 0.10-cent sales tax rate.
- The sales tax revenue that supports the PHSD budget increased \$52,887 (2.2%), from \$2,460,000 to \$2,512,887.
- The PHSD budget decreased \$153,364 (4.1%), from \$3,746,552 to \$3,593,188.
- The county's transfer to the general fund for the support of HR personnel is \$229,000 in FY 2012.
- The maintenance of effort payment is \$1,207,075.
- In FY 2012, the district holds \$528,782 in reserves.

### **Special Revenue Funds**

#### ***Roads***

- HURF revenue is down \$270,717 (1.4%), from \$18,975,410 to \$18,704,693.
- The HURF budget decreased \$1,559,978 (7.3%), from \$21,284,150 to \$19,724,172.

### **Jail Facilities:**

- **Adult Jail:** The adult facility has a maximum of 1,511 beds with an average daily occupancy of 1,180. The county has a contract with the US Marshalls and ICE to rent up to 600 beds at \$59.74/day. The maximum amount the county can generate from renting beds to these two entities is \$12.9 million.
- **Juvenile:** The juvenile facility holds 96 beds, with an average occupancy of 45. Up to 22 beds are rented to the US Marshalls at \$80/day (average beds rented to the US Marshalls is 16). The annual estimated revenue generated from renting beds is \$460,000 in FY 2012.
- Medical costs for jail facilities are budgeted at \$3,949,054 in FY 2012.

### **Expenditures:**

- **Employee compensation:** The County did not budget for employee pay raises in FY 2012.
- **Budgeted FTE's:** In FY 2011, general fund FTE's were budgeted at 1,675 and total FTE's at 2,853. In FY 2012, general fund FTE's decreased to 1,563 and total fund FTE's decreased to 2,211. Nineteen employees were laid off during the budget process along with the elimination of numerous vacant positions. Also, due to the loss of the ALTCS contract, an additional 103 full-time employees and 365 part-time employees were cut effective 9/30/11.
- **Vacancy & turnover rates:** In FY 2011, the employee vacancy rate was 13.3%. The turnover rate was 12%.
- **Budgeted Payroll:** In FY 2011, budgeted payroll, including ERE's, was \$109.6 million in the general fund and \$162.1 million in total funds. In FY 2012, general fund budgeted payroll is \$108 million and \$149 million in total funds.
- **Health benefits:** The County covers a flat amount toward employee benefits which is budgeted at \$6,741/employee. Employees are required to absorb the increase in health premium costs in FY 2012, which will be effective January 1, 2012 (the county is currently working with the actuary to estimate the cost of the increase).

### **State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 is \$6,251,180, broken down as follows: HURF - \$2,477,225; SVP - \$342,145; RTC - \$666,974; JP salaries - \$138,167; Lump-sum transfer - \$2,597,400; and ACJC grants - \$29,269.

**Debt/Capital Projects:**

According to the Department of Revenue's FY 2010-11 Report of Indebtedness, the county held \$158,870,000 in debt. Of that amount, \$61,685,000 is in MPC debt and \$97,185,000 in revenue bonds. In FY 2011, the county issued \$30,380,000 in new revenue bonds.

**Debt Service Payments:** Total debt service payments in FY 2012 amount to \$19,503,010:

- **Certificates of Participation (\$14,920,176):** Courts/Sheriff Building (\$782,213); adult/juvenile detention expansion (\$4,973,344); energy conservation (\$64,092); projected lease (\$518,675); Series 2010 refunding bonds (\$694,575); and the remaining \$2,194,386 account for various capital leases.
- **GADA (\$4,582,834):** Ironwood/Gantzel Road (\$5,200,000); Animal Control expansion (\$211,907); Series 2010 Bonds (\$768,875—\$561,279 public health clinics, \$207,596 general fund); and various general fund projects (\$1,591,650).

**Capital Projects:** The total capital projects budget in FY 2012 is at \$20,159,869, down from last year's budget of \$26,511,958:

- Countywide Computer Project-\$335,550
- Public Works/Special Projects-\$12,000
- Public Works/Kelvin Bridge-\$3,000,000
- Justice Complex Water Storage and Appropriation Reserve-\$3,427,473
- Sheriff-\$72,527
- Public Works/Gantzel Road-\$1,505,000
- Florence Courthouse renovation-\$4,000,000
- Maricopa Health Clinic-\$7,787,369

## SANTA CRUZ COUNTY

### Overview

- Santa Cruz County's FY 2012 general fund budget is \$25,814,499, which is \$111,227 (0.4%) lower than last year's budget of \$25,925,726.
- The county started the year with an unreserved general fund balance of \$9,963,139. This is \$719,687 (6.7%) below last year's balance of \$10,682,826. The fund balance represents 39% of the total general fund.
- This year's total budget of \$76,677,132 is \$2,079,826 (2.8%) more than last year's adopted budget of \$74,597,306.

### Property Tax Revenues

#### *Primary Levy*

- The primary property tax levy of \$10,795,615 is \$814,035 (7%) less than last year's levy of \$11,609,650 and \$1,426,789 below the county's constitutional levy limit.
- The county kept the primary tax rate the same this year at \$2.8215, which is 37 cents below the maximum allowable rate of \$3.1944 and 23 cents below the TNT rate. Therefore, the county was not required to hold a TNT hearing.

#### *Flood Control*

- The county's flood control levy is down \$227,574 (9.8%) this year, from \$2,316,963 to \$2,089,389. The rate remains constant at \$0.5643.
- The flood control district budget is up \$9,381,063 (177%), from \$5,303,243 to \$14,684,306.
- The beginning balance for the flood control district is \$13,672,156.

Santa Cruz County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	2010 Levy	2011 Levy	Difference	% Difference
Primary	2.8215	2.8215	0.0000	3.0560	\$11,609,650	\$10,795,615	-\$814,035	-7%
Flood	0.5643	0.5643	0.0000		\$2,316,963	\$2,089,389	-\$227,574	-10%
<b>Overall Rate</b>	<b>3.3858</b>	<b>3.3858</b>	<b>0.0000</b>		<b>\$13,926,613</b>	<b>\$12,885,004</b>	<b>-\$1,041,609</b>	<b>-7%</b>

### Other General Fund Revenues

- Auto lieu tax increased \$200,000 (20%), from \$1,000,000 to \$1,200,000.
- The county half-cent sales tax increased \$200,000 (10%), from \$2,000,000 to \$2,200,000.
- State shared sales tax is up \$400,000 (13.3%), from \$3,000,000 to \$3,400,000.
- PILT is down \$41,000, from \$916,000 to \$875,000.
- Forest fees decreased from \$660,117 to \$547,186.

### Special Revenue Funds

- Road fund revenue is down \$572,694 (15.7%), from \$3,651,994 to \$3,079,300.
- The road fund budget decreased \$351,618 (7%), from \$5,024,125 to \$4,672,507.

### Jail District

- Voters approved the jail district in November 2005, with the ability to levy a half-cent sales tax effective 7/1/06. The budgeted sales tax revenues increased \$350,000 (17.5%), from \$2,000,000 to \$2,350,000.
- The jail district budget increased \$994,227 (11.5%), from \$8,638,083 to \$9,632,310.
- The maintenance of effort payment increased from \$2,841,819 in FY 2011 to \$2,898,656 in FY 2012.

- **Juvenile jail facilities:** The old juvenile jail facility holds 28 beds, with approximately 10 beds occupied on average. The new juvenile facility holds 32 beds, which was completed in FY 2010. Juveniles are scheduled to move into the new facility in December 2011.
- **Adult facilities:** The adult jail facility holds 377 beds and the average occupancy is approximately 40%.
- In FY 2012, medical expenses in the jail facilities are budgeted at \$926,500. The county has four nurses, after adding two more this year, assigned to the jail facilities in order to maintain low medical costs.
- The county rents 100 beds to other entities, mostly the Marshalls, ICE, and Customs, at \$65/day. The Feds are responsible for any additional medical and dental costs, as well as transportation costs. \$3,927,059 will be generated by housing inmates of other jurisdictions (estimating 165 inmate days).

### **Expenditures**

- **Budgeted payroll:** In FY 2011, the general fund budgeted payroll, including ERE's, amounted to \$11,011,944 and total budgeted payroll of \$23,161,918. In FY 2012, general fund budgeted payroll increased slightly to \$11,046,742 and total budgeted payroll to \$23,163,240.
- **Budgeted FTE's:** In FY 2011, the budgeted general fund FTE's were at 173 and total funds at 369. FTE's increased in the general fund in FY 2012 to 176 and in total funds to 389. FTE's added in the general fund are two full-time maintenance workers and two part-time custodians. 17 positions were added in the jail district, including twelve detention officers, three booking clerks, and two nurses.
- **Employee compensation:** The County did not budget for any pay raises in FY 2012.
- **Vacancy & Turnover rates:** The County's vacancy rate is less than 5% (all vacancies in detention positions). Estimated turnover for the County is less than 1%.
- **Health benefits:** In FY 2011, the county absorbed the majority of the 10% increase in health premium benefit costs, resulting in an impact to the general fund of over \$140,000 and \$280,000 to total funds. Health premiums did not increase in FY 2012. The average subsidy for employee coverage is 89.3% and 75.3% for dependents.
- The county has never utilized the state budget provision that authorizes counties to backfill the state cost shifts with special fund revenues.

### **State Cost Shifts:**

The impact to the county as a result of state cost shifts in FY 2012 is \$785,002, broken down as follows: HURF - \$272,364; SVP - \$99,280; RTC - \$378,444; JP salaries - \$30,704; and ACJC grants - \$4,210.

### **Debt/Capital Projects:**

**Debt:** According to DOR's FY 2011 Report of Bonded Indebtedness, Santa Cruz County has \$14,465,000 in outstanding revenue bonds, which was used for the new jail facilities. The debt service payment in the county's FY 2012 budget is \$1,236,847.

The Board of Supervisors has approved a \$13 million, 20-year loan for the construction of the Chula Vista Bridge and Palo Parado Road (see below). \$9.7 million of the loan is for construction and \$3.7 million is for interest. The budgeted debt service in FY 2012 is \$600,000.

**Capital Projects:** The County's capital projects budget decreased from \$9,155,017 to \$1,350,573, mostly due to the completion of the juvenile facility and courthouse in December 2010.

**Flood Control District:** The district budgeted \$9.7 million in FY 2012 for the construction of the Chula Vista Bridge (\$2.2 million) and Palo Parado Road (\$6.8 million).

# YAVAPAI COUNTY

## Overview

- The county general fund budget for FY 2012 of \$85,772,031 is a \$5,265,804 (6.5%) increase from last year's adopted budget of \$80,506,227.
- This year's beginning general fund balance of \$9,845,758 is \$4,269,148 (77%) more than last year's fund balance of \$5,576,610. The fund balance represents 11.5% of the total general fund.
- The total budget (total financial resources) for FY 2012 is \$257,471,933, \$43,514,482 (14.5%) less than last year's total budget of \$300,986,415.

## Property Tax Revenues

### *Primary Levy*

- The county's primary property tax levy of \$38,797,705 is \$4,310,855 (10%) less than last year's levy of \$43,108,560.
- The primary rate increased \$0.0781, from \$1.3524 to \$1.4305. The adopted primary rate of \$1.4305 was below the county's TNT rate of \$1.6831; therefore, the county was not required to hold a TNT hearing.

### *Flood Control District*

- The Flood Control rate increased from \$0.1994 to \$0.2483. The levy increased \$51,178 (0.8%), from \$6,042,476 to \$6,093,654.
- The Flood Control District budget decreased \$3,015,677 (23%), from \$12,920,612 to \$9,904,935. Actual expenditures during FY 2011 are reported at \$6,098,153 (47% of budget).
- The county transferred \$3 million from the flood control district to the general fund to backfill state cost shifts. The transfer is 49% of the district's property tax levy. The district will have \$1 million remaining in reserves after the transfer.
- The county is charging the district \$550,000 (6% of levy) for administrative costs in FY 2012.

### *Library District*

- The Library District rate increased from \$0.1188 to \$0.1456, with the levy increasing \$30,010 (0.8%), from \$3,979,602 to \$4,009,612.
- The Library District budget decreased \$1,784, from \$5,669,542 to \$5,667,758. Actual expenditures in FY 2011 amounted to \$4,008,658 (71% of budget).
- The county is charging the library district \$620,000 (15% of levy) for reimbursement of services.
- The FY 2012 beginning fund balance in the library district is \$1,622,003.
- County employees only staff libraries in unincorporated areas of the county. Otherwise, cities administer their municipal libraries. The county supports all libraries with the library network for inter-library book loans, databases, and capital improvements.

Yavapai County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	TY 2010 Levy	TY 2011 Levy	Difference	% Difference
Primary	1.3524	1.4305	0.0781	1.6831	\$43,108,560	\$45,211,982	\$2,103,422	4.9%
Flood	0.1994	0.2483	0.0489		\$6,042,476	\$6,093,654	\$51,178	0.8%
Library	0.1188	0.1456	0.0268		\$3,979,602	\$4,009,612	\$30,010	0.8%
<b>Overall Rate</b>	<b>1.6706</b>	<b>1.8244</b>	<b>0.1538</b>		<b>\$53,130,638</b>	<b>\$55,315,248</b>	<b>\$2,184,610</b>	<b>4.1%</b>

## Other General Fund Revenues

- The county's half-cent sales tax is apportioned as follows: 30% to the county general fund; 30% to capital improvements; and 40% to regional roads. The total budgeted ½-cent sales tax for FY 2012 is \$11,714,910, which is \$584,516 (5%) less than last year's budgeted revenues of \$11,130,394.

- VLT increased \$101,483 (1.5%), from \$6,714,009 to \$6,815,492.
- State shared sales tax is up \$1,847,378, from \$20,700,000 to \$22,547,378.
- PILT revenues increased \$720,320, from \$2,314,680 to \$3,035,000.

### **Special Revenue Funds**

#### ***Road Fund***

- In FY 2011, HURF revenue was budgeted at \$9,925,000, VLT was \$2,665,000; and national forest fees were budgeted at \$1,801,530. In FY 2012, budgeted HURF is \$9,344,803, VLT is \$2,818,446, and national forest fees are \$97,283.
- The HURF budget decreased \$1,023,732, from \$16,757,518 to \$15,733,786.
- The revenue distributed to regional roads increased \$2,459,885 (111%), from \$2,226,079 to \$4,685,964.
- The Regional Roads budget decreased \$3,396,301 (15.3%), from \$22,184,543 to \$18,788,242. Actual expenditures during FY 2011 were reported at \$6,644,830.

#### ***Jail District***

- Yavapai County voters approved a jail district in November 1999 with the authority to levy a sales tax to fund the district. In FY 2012, the sales tax rate will generate \$5,564,929, the same as last year.
- In FY 2012, the maintenance of effort payment increased \$121,531 (1.9%), from \$6,369,256 to \$6,490,787. The county transferred an additional \$1,723,846 from the general fund to the jail district in FY 2012, up from last year's transfer of \$1,603,817.
- The jail district budget increased \$243,300 (1.7%), from \$14,461,792 to \$14,705,092.
- There are approximately 600 beds in the Verde Valley adult facility, with the ability to open an additional 44 beds (the Prescott facility held 135 beds). The average occupancy of the Verde Valley facility was 533 in FY 2011. The county estimated total revenues of approximately \$2,730,000 by renting beds at \$60/day to other jurisdictions, the same as last year. The breakdown of revenues is as follows: DOC (\$45,000); US Marshalls (\$1,720,000); ICE (\$210,000); Yav-Prescott Indian Tribe (\$5,000); Yav-Apache Nation Police (\$280,000).
- The county contracts with Wexford Health Solutions, Inc. to deliver its medical services in the jails, including restoration-to-competency (RTC) services for the county. Yavapai contracts with seven counties to provide RTC services – Coconino, Mohave, Pinal, Navajo, Graham, Gila, and La Paz.
- The county is constructing a new juvenile jail facility at an estimated cost of \$16,800,000, down from last year's estimate of \$18,525,000. The new facility will hold 80 beds and the estimated completion date is June 2012.

### **Expenditures**

- **Employee compensation:** Effective January 2012, the Board will award a 2% COLA to employees at an annualized cost of \$1,000,000 to the general fund and jail district and \$200,000 to other budgeted funds. Also, the county is reclassifying approximately 176 positions as the result of a study that the county conducted through the use of Compease software. The County also compared its salary ranges to five other counties – Coconino, Mohave, Pinal, Yuma, and Cochise. The annualized cost is estimated at \$764,000 (effective 1/11/12), with an impact to the general fund of \$621,496 and \$142,504 to the jail district.
- **Budgeted FTE's:** The budgeted FTE's for the general fund increased from 791 to 793 and total funds decreased from 1,179 to 1,169.
- **Budgeted payroll:** In FY 2011, the budgeted payroll for the general fund, including ERE's, was \$51,564,854 and \$74,136,174 in total funds. In FY 2012, the general fund budgeted payroll is up slightly to \$51,971,233 and to \$72,362,114 in total funds.

- **Health benefits:** The 8.3% increase in health premium insurance costs this year will be equally absorbed between the counties and the employees. The insurance premium increase impacted the General Fund by \$477,000, the Jail District by \$117,000 and all other budgeted funds by \$91,000. The county continues to pay 100% of employee benefit costs and 25% for dependents.
- **Vacancy & Turnover rates:** The employee vacancy rate at the end of FY 2011 for the general fund was 14.4% and 19.8% for all funds and the turnover rate for calendar year 2010 was 12.2%.

**State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 is \$5,242,605, broken down as follows: HURF - \$1,771,703; RTC - \$1,339,987; JP salaries - \$92,111; SVP - \$551,149; Lump-sum transfer - \$1,458,700; and ACJC grants - \$28,955.

**Debt:**

The County has a \$25,275,000 Variable Rate Demand Highway Construction Advancement Revenue Bond Series 2007 (dated July 2008) that was used to advance funds to ADOT for the construction of SR260 in order to move the project up on ADOT's construction schedule. ADOT will pay back the County within five to eight years and the County will be paying interest only during that time. According to DOR's FY 2011 bonded indebtedness report, the outstanding balance for these revenue bonds is \$2,800,000. No payment was budgeted in FY 2011 but expenditures amounted to \$11.2 million. \$2,825,000 is the budgeted payment for FY 2012.

The jail district issued \$15,260,000 in revenue bonds in 2002 to build the Camp Verde jail. The debt service for FY 2012 is \$1,869,470 and will be the final bond payment.

The debt service for the capital projects funded with the ½-cent sales tax increased from \$1,112,500, to \$2,111,865.

**Capital Projects:**

In May 2008, the County entered into a 20-year, \$50 million lease/purchase agreement to fund its capital projects. However, due to the dramatic drop in general fund revenues in FY 2010, the county made the decision to return \$25 million. The \$25 million remaining was used to construct a new Superior Court building next to the Camp Verde Jail (\$11 million) and a new Juvenile Detention and Administration facility on the Prescott Lakes Parkway currently under construction (\$14 million).

Remaining county funds and 30% of the county's half-cent sales tax revenues will help fund the following projects: Facilities building on Commerce Drive (\$1,600,000); Public Works addition on Commerce Drive (\$2,000,000); administration building on Commerce Drive (\$5,604,000); parking project on Gurley Street building (\$2,000,000); Medical Examiner building in Prescott (\$1,329,000); purchase Commerce Center Building (\$975,000); property purchase on Prescott Lakes Parkway (\$2,800,000); Chino Valley transfer station (\$725,000); other small projects (\$300,000).

Projects that were completed in FY 2011 include: Camp Verde Court remodel-\$800,000; Prescott Lake Parkway roundabout-\$2,200,000; and Commerce Drive site preparation-\$2,900,000.

The capital projects budget increased from \$24,274,050 to \$29,888,051.

## YUMA COUNTY

### Overview

- Yuma County's FY 2012 general fund budget increased from \$76,153,715 to \$76,603,524, which is \$449,809 (0.6%) more than last year.
- The county started FY 2012 with an unreserved general fund balance of \$17,258,797, which is \$498,841 (2.8%) less than last year's fund balance. The fund balance represents 23% of the total general fund.
- The FY 2012 total budget increased \$48,127,498 (20%), from \$243,473,901 to \$291,601,369. Much of the growth is due to the \$12.4 million (56%) increase in capital projects and \$9.2 million (158%) increase in debt service.

### Property Tax Revenues

#### *Primary Levy*

- The primary levy of \$23,442,709 is an increase of \$803,464 (3.5%) over last year's levy of \$22,639,245. Of the \$803,464 increase, \$343,847 (43%) is attributed to new construction and \$459,617 (57%) is an increase to existing properties.
- The Yuma County primary tax rate rose from \$1.7397 to \$1.8798, which is the maximum tax rate the county can constitutionally levy. In addition, since the proposed primary tax rate is greater than the TNT rate of \$1.8429, the county was required to hold a TNT hearing.

#### *Flood Control District*

- In FY 2012, the flood control district levy decreased \$406,905, from \$3,617,916 to \$3,211,011.
- The tax rate for the flood control district dropped from \$0.2858 to \$0.2794.
- The flood control district budget increased \$1,373,558 (8%), from \$17,112,142 to \$18,485,700.
- In FY 2012, the beginning fund balance is \$16,316,778. The reserves are budgeted for the following future major projects: Smucker Park Detention Basin (\$5,990,000); San Luis Area Drainage Study (\$5,125,000); 28<sup>th</sup> Street Storm Drain System (\$4,000,000).
- In FY 2012, the county is not charging the district for reimbursement of services. In FY 2011, the county charged the flood control district \$316,000.

#### *Library District*

- The library district levy increased \$123,819 (1.2%), from \$10,416,641 to \$10,540,460 (M&O from \$7,140,245 to \$7,216,050; bonds from \$3,276,396 to \$3,324,410).
- The library district rate increased from \$0.7341 to \$0.8009 (M&O rate is \$0.5483; bond rate is \$0.2526). In 2005, the voters of Yuma County authorized the library district to sell \$53 million in G.O. bonds to pay for three new libraries, expansion/renovation of three branches, and enhancements of two branches throughout the county.
- The budgeted amount for the library district debt service in FY 2012 is \$7,189,190, up from last year's budget of \$4,387,627.
- The library district budget decreased \$314,411 (2%), from \$15,910,435 to \$15,596,024.
- The beginning fund balance, including debt service and M&O, is \$9,450,356 in FY 2012.
- In FY 2012, the county is charging the district \$442,666 (4% of levy) for reimbursement of indirect services.

Yuma County	TY 2010 Rate	TY 2011 Rate	Difference	TNT	TY 2010 Levy	TY 2011 Levy	Difference	% Difference
Primary	1.7397	1.8798	0.1401	1.8429	\$22,639,245	\$23,442,709	\$803,464	3.5%
Flood	0.2858	0.2794	-0.0064		\$3,557,262	\$3,211,011	-\$346,251	-9.7%
Library*	0.7341	0.8009	0.0668		\$10,416,641	\$10,540,460	\$123,819	1.2%
<b>Overall Rate</b>	<b>2.7596</b>	<b>2.9601</b>	<b>0.2005</b>		<b>\$36,613,148</b>	<b>\$37,194,180</b>	<b>\$581,032</b>	<b>1.6%</b>

\*Yuma's Library District rate includes a rate of \$0.2309 for voter-approved G.O. bonds in tax year 2010 and \$0.2526 in tax year 2011.

### **Other General Fund Revenue**

- Auto lieu is down \$74,709 (6.7%), from \$6,868,571 to \$6,793,862, and is distributed as follows: \$4,593,862 (general fund); \$1,100,000 (HURF-public works); and \$1,100,000 (HURF-development services).
- The budgeted half-cent county sales tax is up \$212,656 (2%), from \$10,632,806 to \$10,845,462.
- State shared sales tax is budgeted to go up \$346,441 (2.1%), from \$16,360,345 to \$16,706,786.
- PILT increased \$188,510, from \$3,036,291 to \$3,224,801.

### **Special Revenue Funds**

#### ***HURF (Road) Fund***

- The county's HURF revenues are up \$11,199 (9.1%), from \$10,552,000 to \$10,563,199. In FY 2012, the county is distributing \$4,249,806 of HURF revenues to development services and \$6,313,393 to public works.
- The HURF fund budget increased \$1,446,439 (4.6%), from \$31,128,073 to \$32,574,512 (\$21,652,122 in the Development Services fund and \$10,922,390 in Public Works).

#### ***Jail District***

- The Yuma County jail district sales tax increased \$482,462 (4.7%), from \$10,363,000 to \$10,845,462. In May 2011, voters approved a 20-year extension for the jail district sales tax. The tax, which was supposed to expire at the end of 2015, will now expire in 2035.
- The adult facility holds approximately 840 beds and the average occupancy is between 550 and 600. The county rents beds at \$78/day for a total of \$495,500 to the Cocopah Tribe (\$85,000) and U.S. Marshalls and other federal law enforcement agencies (\$385,000).
- The juvenile facility holds 79 beds and beds are rented to La Paz County and the Cocopah Tribe at an estimated \$102,500 in FY 2012. In the past, medical expenses in both facilities were approximately \$2.5 to \$3 million annually, but in FY 2012, medical expenses are budgeted at \$810,000 due to an implementation of operational efficiencies. There are 272 FTE's in the jail district, with 31 vacant medical, clerical, supervisory, and officer positions.
- The county jail annex was completed in August 2008. The facility added 81 beds and increased the total number of beds to 757, of which approximately 650 are occupied.
- The jail district budget decreased \$105,303 (0.6%), from \$19,099,594 to \$18,994,291.
- The maintenance of effort payment in FY 2012 is \$6,215,366.
- In FY 2012, total reimbursement for indirect services to the county general fund is \$493,712. The jail district currently holds \$1,536,110 in reserves and has a beginning fund balance of \$3,049,247.

#### ***Public Health Services District (PHSD)***

- The County Board of Supervisor's created the PHSD in April 2005. The district is funded with a 0.1% sales tax rate, which is estimated to produce \$2,169,093 in FY 2012, up slightly from \$2,126,561 in FY 2011. However, the county is shifting \$1,037,693 (48% of sales tax revenue) back to the general fund for reimbursement of services.
- The maintenance of effort payment for the district is \$786,898.

- The health services budget decreased \$1,541,379 (13.5%), from \$11,416,503 in FY 2011 to \$9,875,124 in FY 2012.
- The PHSD has a beginning fund balance of \$1,188,261.

### **Expenditures**

- **Employee compensation:** The County is reclassifying approximately nine positions, effective July 1, 2011. The cost to the general fund is \$30,049 and \$47,002 to total funds.
- **Budgeted FTE's:** In FY 2011, the general fund FTE's were budgeted at 666 and special revenue fund FTE's at 804, amounting to 1,466 in total FTE's. In FY 2012, the general fund FTE's are budgeted at 663 and special revenue fund FTE's at 802, resulting in 1,465 total budgeted FTE's.
- **Vacancy & Turnover rates:** In FY 2012, the vacancy rate is 10% and the turnover rate is 12%.
- **Budgeted payroll:** In FY 2011, the budgeted payroll for the general fund was \$42,166,898 and \$87,159,413 in total funds. In FY 2012, the budgeted payroll for the general fund decreased to \$41,341,403 and total fund payroll is down to \$85,839,843.
- **Health benefits:** The County changed its health program options from three tiers to two tiers. Depending on which tier the employee chooses, the county pays either 89% or 100% in premium costs. There were no changes in health benefits in FY 2012. In FY 2012, the Employee Benefit Trust Fund budget decreased \$493,769 (2.4%), from \$20,214,179 to \$19,720,410.

### **State Cost Shifts:**

The impact to the county as a result of the state cost shifts in FY 2012 is \$1,478,714, broken down as follows: HURF - \$979,537; RTC - \$425,414; JP salaries - \$52,986; and ACJC grants - \$20,777.

### **Capital Projects:**

The capital projects budget is up \$12,357,270, from \$22,167,870 to \$34,525,140. Recommended capital improvement projects include:

- General government - East County facility (\$2,846,000)
- Communication and information technology projects (\$751,452)
- New Library construction (\$410,047)
- Jails – Roof renovation, HVAC controller replacement, security control panel (\$725,000)
- Avenue B&C Colonia sewer project – to be completed in November (\$10,999,684)
- Community development (\$158,000)
- Housing (\$275,382)
- Road projects (\$17,175,868)
- Flood control projects (\$15,427,773)

### **Debt Service:**

According to DOR's FY 2011 bonded indebtedness report, the county does not hold any bonds. The debt service budget increased \$9,223,012 in FY 2012, from \$5,848,228 to \$15,071,240.

***Library District:*** As of June 30, 2011, the total G.O. debt for the library district was \$48.9 million. The debt service payment in FY 2011 was \$4.4 million, which increased to \$7,189,190 in FY 2012. The debt is scheduled to be paid off in FY 2035.

***Jail District:*** The total outstanding revenue bond debt for the Jail District amounted to \$8.5 million as of June 30, 2011, and was originally scheduled to be paid off on or before July 1, 2015. However, since the voters approved the extension to the sales tax, the county is going to refund the bonds, which will extend the payment over 20 years. The budgeted debt service payment in FY 2012 is \$915,587.