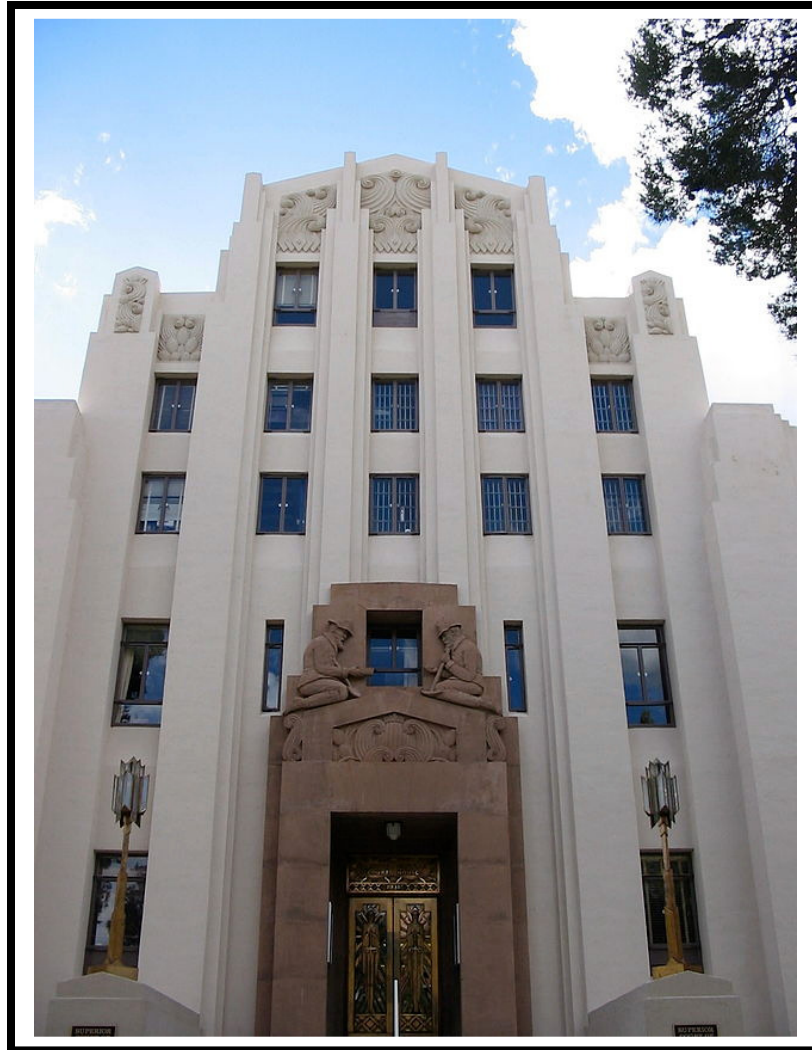


# FY 2015 BUDGET REVIEW

## Arizona Counties



Cochise County, AZ



**ARIZONA TAX RESEARCH ASSOCIATION**

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## INTRODUCTION TO ARIZONA COUNTY BUDGETS

In an effort to emphasize the importance of the transparent use of taxpayer dollars, as well as compliance with budget and tax laws, ATRA staff annually reviews and meets with county officials of each county to discuss their budgets. The following report includes information compiled by ATRA staff during the FY 2015 budget year for Arizona's 15 counties.

This report includes a detailed analysis of the budgeted revenues and expenditures in the general fund and total funds of each county. The analysis reflects the change in primary and secondary net assessed values, primary rates and levies, as well as the change in the secondary tax rates and levies for overrides, debt service, and the levies of special districts and their associated expenditures.

Budgeted revenue projections are broken down by general fund and special revenue funds. A detailed summary of each county's budgeted expenditures is also provided, which includes the budgeted amounts for employee-related expenses, capital expenditures, debt service requirements, and specific information regarding plans to incur future debt, if applicable.

The summaries included in this document were provided to all counties for review and feedback prior to distribution of this publication. ATRA appreciates the cooperation of the counties and welcomes any additional feedback after the publication of this report.

### Arizona County Budgets Rebound

County General Fund (GF) budgets rebounded in FY 2015 with an average increase of 4.3% (See Table 1). Despite the counties increased reliance on their cash balances over the past several years as a result of the recession, the cash position of the counties remains good. The healthy cash balances held by the counties coupled with the recent uptick in state-shared and local tax revenues allowed nearly all the counties to provide employee pay raises this year.

### General Fund Budgets

County GF budgets are mainly funded with primary property taxes, state-shared and local sales tax revenues, and Auto in Lieu tax revenue. GF budgets provide a multitude of general government services, including public health, law enforcement, and other general government services. The GF budgets of all but three counties increased this year. The counties with the largest increases occurred in Greenlee (8.9%), Maricopa (7.8%), Navajo (6.4%), and Mohave (6.1%).

**Table 1. General Fund Budgets**

<b>County</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>\$ Change</b>	<b>% Change</b>
Apache	\$18,343,856	\$18,404,897	\$61,041	0.3%
Cochise	\$80,459,345	\$81,595,849	\$1,136,504	1.4%
Coconino	\$70,808,913	\$72,591,508	\$1,782,595	2.5%
Gila	\$46,031,855	\$44,230,262	(\$1,801,593)	-3.9%
Graham	\$20,935,438	\$21,270,214	\$334,776	1.6%
Greenlee	\$10,619,841	\$11,562,861	\$943,020	8.9%
La Paz	\$16,318,525	\$16,838,277	\$519,752	3.2%
Maricopa	\$942,780,433	\$1,015,901,116	\$73,120,683	7.8%
Mohave	\$76,154,008	\$80,781,059	\$4,627,051	6.1%
Navajo	\$39,984,750	\$42,544,494	\$2,559,744	6.4%
Pima	\$503,524,831	\$521,401,927	\$17,877,096	3.6%
Pinal	\$193,676,201	\$184,084,963	(\$9,591,238)	-5.0%
Santa Cruz	\$27,504,449	\$28,661,791	\$1,157,342	4.2%
Yavapai	\$89,679,704	\$94,937,304	\$5,257,600	5.9%
Yuma	\$77,258,446	\$75,292,428	(\$1,966,018)	-2.5%
<b>TOTALS</b>	<b>\$2,214,080,595</b>	<b>\$2,310,098,950</b>	<b>\$96,018,355</b>	<b>4.3%</b>

Counties rely heavily on state shared TPT (sales tax) revenues to support their GF budgets, which represent nearly 70% of the four major revenue sources listed in the table below (Table 2). State shared VLT (Auto in Lieu) account for nearly 19%, followed by local TPT (8%) and PILT revenues (4%).

**Table 2. GF Revenues**

County	State shared TPT	Local TPT	State Shared VLT* (Auto in Lieu)	PILT	TOTALS
Apache	\$4,800,000	\$1,200,000	\$550,000	\$1,109,854	\$7,659,854
Cochise	\$12,000,000	\$7,000,000	\$3,500,000	\$1,816,386	\$24,316,386
Coconino	\$19,698,434	\$12,697,600	\$3,274,036	\$1,666,210	\$37,336,280
Gila	\$4,956,150	\$2,600,000	\$1,556,944	\$3,200,905	\$12,313,999
Graham	\$4,000,000	\$2,000,000	\$884,717	\$2,778,581	\$9,663,298
Greenlee	\$4,350,000	\$1,200,000	\$325,000	\$544,675	\$6,419,675
La Paz	\$2,252,000	\$1,412,573	\$572,581	\$1,928,209	\$6,165,363
Maricopa	\$465,300,725	N/A	\$132,858,100	\$12,340,468	\$610,499,293
Mohave	\$20,519,000	\$6,438,200	\$6,208,900	\$3,412,630	\$36,578,730
Navajo**	\$11,046,000	\$6,816,000	\$2,067,000	\$1,519,256	\$21,448,256
Pima	\$106,640,000	N/A	\$24,100,000	\$2,035,000	\$132,775,000
Pinal	\$30,273,750	\$14,352,000	\$9,012,500	\$1,215,622	\$54,853,872
Santa Cruz	\$4,500,000	\$2,600,000	\$1,400,000	\$900,000	\$9,400,000
Yavapai	\$26,550,000	\$15,150,875	\$7,275,153	\$2,428,943	\$51,404,971
Yuma	\$19,163,380	\$11,794,780	\$4,605,707	\$3,244,942	\$38,808,809
<b>TOTAL</b>	<b>\$736,049,439</b>	<b>\$85,262,028</b>	<b>\$198,190,638</b>	<b>\$40,141,681</b>	<b>\$1,059,643,786</b>

\*VLT revenues reported under Special Revenue Funds are not included in this table.

\*\*Navajo County did not budget for PILT revenues in FY 2015. The amount reflected in the table is an estimate based on FY 2014 actual revenues.

The total budgets for counties dropped this year by 1.5% (Table 3), which is a smaller reduction relative to last year's 4.1% decrease. In addition to the GF, total funds (TF) include special revenue funds, capital project funds, debt service funds for voter-approved and non-voter approved bonds, and enterprise funds. Included in the special revenue funds are the countywide special taxing districts in which the county boards of supervisors (BOS) sit as the board of directors. The creation of special taxing districts have provided counties with a dedicated funding source separate from the GF to fund a variety of services, such as library services, flood control, public health services, as well as a television district specific only to Mohave County.

**Table 3. Total Budgets**

County	FY 2014	FY 2015	\$ Change	% Change
Apache	\$51,171,362	\$52,839,970	\$1,668,608	3.3%
Cochise	\$160,363,511	\$151,975,063	(\$8,388,448)	-5.2%
Coconino	\$263,715,576	\$235,165,312	(\$28,550,264)	-10.8%
Gila	\$95,252,025	\$94,444,905	(\$807,120)	-0.8%
Graham	\$32,891,242	\$33,523,198	\$631,956	1.9%
Greenlee	\$23,572,100	\$25,130,309	\$1,558,209	6.6%
La Paz	\$33,036,650	\$32,040,614	(\$996,036)	-3.0%
Maricopa	\$3,065,393,528	\$3,060,728,490	(\$4,665,038)	-0.2%
Mohave	\$253,015,076	\$252,282,568	(\$732,508)	-0.3%
Navajo	\$118,533,913	\$120,792,901	\$2,258,988	1.9%
Pima	\$1,569,147,951	\$1,497,657,953	(\$71,489,998)	-4.6%
Pinal	\$373,723,558	\$378,079,096	\$4,355,538	1.2%
Santa Cruz	\$70,355,234	\$74,308,956	\$3,953,722	5.6%
Yavapai	\$224,231,808	\$231,642,537	\$7,410,729	3.3%
Yuma	\$249,718,511	\$242,313,069	(\$7,405,442)	-3.0%
<b>TOTALS</b>	<b>\$6,584,122,045</b>	<b>\$6,482,924,941</b>	<b>(\$101,197,104)</b>	<b>-1.5%</b>

Note: Total budgeted amounts represent total financial resources for comparison purposes.

### **GF Cash Balances**

The GF cash on hand reported by Arizona Counties in FY 2015 was \$314 million (see Table 4). Total GF cash balances represent an average of 13.6% of total GF budgets, which range from a low of 6.2% in Pima County to a high of 37.6% in Coconino County. Total cash is down \$135 million (30%) from last year, mostly as a result

of the \$116 million reduction in Maricopa County, otherwise the overall reduction would represent just \$19 million. Nevertheless, the hefty cash balances that grew during the boom years provided a substantial cushion for the counties to weather the lean years.

The underreporting of cash balances by several counties continues to be a problem. Although state law clearly requires all cash, both restricted and unrestricted, be reported in the county GF balance, Arizona counties underreported their cash by \$77 million (15%) based on the most recent financial audits. Although the beginning fund balance is an estimate, the amount budgeted compared to the audited amounts should be fairly close. That is clearly not the case for several counties that failed to report more than 50% of their actual cash balances, such as Apache (underreported by \$4.7 million/54%), Greenlee (\$5.5 million/59%), La Paz (\$2.7 million/100%), and Mohave (\$11.2 million/86%). With the exception of La Paz County, the underreporting of cash is the result of a legal interpretation by these counties that they are not required to show cash that they don't plan to spend. The Arizona Auditor General's office has supported ATRA's position that the law requires all cash to be included in the beginning fund balance.

Table 4. General Fund Cash Balances

County	FY 14 GF Budgeted Beg. Cash Balance	Audited (June 30, 2013) Cash Balance*	Diff. between Budgeted & Actual	FY 15 GF Budgeted Beg. Cash Balance	\$ Change	% Change	% of FY 2015 GF budget
Apache	\$4,000,000	\$8,663,279	(\$4,663,279)	\$5,000,000	\$1,000,000	25.0%	27.2%
Cochise	\$27,892,296	\$30,510,247	(\$2,617,951)	\$29,059,354	\$1,167,058	4.2%	35.6%
Coconino	\$30,237,664	\$29,184,907	\$1,052,757	\$27,259,345	(\$2,978,319)	-9.8%	37.6%
Gila	\$19,848,897	\$25,204,358	(\$5,355,461)	\$15,766,569	(\$4,082,328)	-20.6%	35.6%
Graham	\$1,268,293	\$2,155,713	(\$887,420)	\$1,926,170	\$657,877	51.9%	9.1%
Greenlee*	\$3,802,990	\$9,344,218	(\$5,541,228)	\$3,532,504	(\$270,486)	-7.1%	30.6%
La Paz	\$0	\$2,729,106	(\$2,729,106)	\$1,868,393	\$1,868,393	100.0%	11.1%
Maricopa	\$230,066,825	\$258,686,425	(\$28,619,600)	\$113,712,308	(\$116,354,517)	-50.6%	11.2%
Mohave*	\$1,860,717	\$13,026,776	(\$11,166,059)	\$7,695,004	\$5,834,287	313.6%	9.5%
Navajo	\$4,000,000	\$5,870,369	(\$1,870,369)	\$4,300,000	\$300,000	7.5%	10.1%
Pima	\$44,056,613	\$56,684,000	(\$12,627,387)	\$32,474,480	(\$11,582,133)	-26.3%	6.2%
Pinal	\$49,127,286	\$47,326,000	\$1,801,286	\$40,392,961	(\$8,734,325)	-17.8%	21.9%
Santa Cruz	\$10,949,691	\$13,458,400	(\$2,508,709)	\$10,336,084	(\$613,607)	-5.6%	36.1%
Yavapai	\$5,268,001	\$5,948,186	(\$680,185)	\$6,523,933	\$1,255,932	23.8%	6.9%
Yuma	\$16,576,861	\$17,337,497	(\$760,636)	\$13,777,216	(\$2,799,645)	-16.9%	18.3%
<b>TOTALS</b>	<b>\$448,956,134</b>	<b>\$526,129,481</b>	<b>(\$77,173,347)</b>	<b>\$313,624,321</b>	<b>(\$135,331,813)</b>	<b>-30.1%</b>	<b>13.6%</b>

\*Apache and Gila County data is based on FY 2012 data, which is their most recent financial audit.

## Property Values & Levies

Statewide primary net assessed values (NAV) increased 2.7%; however, the growth was isolated to only a few counties. Greenlee County had the largest percentage growth of nearly 37%, followed by Graham County with 10%, Maricopa with 4.8%, and Pinal County with 0.8% growth. Secondary NAV grew at twice the rate of PNAV, with a 5.2% increase in FY 2015.

Table 5. Net Assessed Values

County	FY 2014 PNAV	FY 2015 PNAV	\$ Change	% Change	FY 2014 SNAV	FY 2015 SNAV	\$ change	% change
Apache	\$ 525,723,278	\$ 513,655,622	(\$12,067,656)	-2.3%	\$ 531,638,110	\$ 517,650,768	\$ (13,987,342)	-2.6%
Cochise	1,006,475,403	955,783,522	(\$50,691,881)	-5.0%	1,011,138,917	959,542,199	\$ (51,596,718)	-5.1%
Coconino	1,519,086,333	1,512,794,264	(\$6,292,069)	-0.4%	1,533,065,282	1,534,483,938	\$ 1,418,656	0.1%
Gila	438,624,843	416,099,715	(\$22,525,128)	-5.1%	440,187,536	419,257,531	\$ (20,930,005)	-4.8%
Graham	192,240,653	211,469,611	\$19,228,958	10.0%	194,024,943	213,508,436	\$ 19,483,493	10.0%
Greenlee	335,715,128	458,425,787	\$122,710,659	36.6%	336,148,250	462,439,380	\$ 126,291,130	37.6%
La Paz	216,835,366	205,814,389	(\$11,020,977)	-5.1%	224,552,041	210,720,562	\$ (13,831,479)	-6.2%
Maricopa	31,996,204,979	33,519,795,354	\$1,523,590,375	4.8%	32,229,006,810	35,079,646,593	\$ 2,850,639,783	8.8%
Mohave	1,771,371,872	1,727,793,369	(\$43,578,503)	-2.5%	1,809,668,423	1,757,074,571	\$ (52,593,852)	-2.9%
Navajo	903,351,854	845,018,236	(\$58,333,618)	-6.5%	904,776,433	846,247,083	\$ (58,529,350)	-6.5%
Pima	7,559,129,097	7,518,481,988	(\$40,647,109)	-0.5%	7,623,691,280	7,579,898,868	\$ (43,792,412)	-0.6%
Pinal	1,988,882,373	2,005,151,766	\$16,269,393	0.8%	2,005,343,534	2,040,749,841	\$ 35,406,307	1.8%
Santa Cruz	338,356,662	320,999,663	(\$17,356,999)	-5.1%	339,878,006	323,843,644	\$ (16,034,362)	-4.7%
Yavapai	2,232,629,599	2,217,272,811	(\$15,356,788)	-0.7%	2,279,676,521	2,267,389,484	\$ (12,287,037)	-0.5%
Yuma	1,112,115,440	1,112,447,688	\$332,248	0.0%	1,131,581,406	1,139,598,176	\$ 8,016,770	0.7%
<b>Total</b>	<b>\$ 52,136,742,880</b>	<b>\$ 53,541,003,785</b>	<b>\$1,404,260,905</b>	<b>2.7%</b>	<b>\$ 52,594,377,492</b>	<b>\$ 55,352,051,074</b>	<b>\$ 2,757,673,582</b>	<b>5.2%</b>

The average primary tax rates adopted by Arizona's counties increased over 7 cents, from \$2.1046 to \$2.1788 (See Table 6). Four counties left their tax rates the same while two reduced their rates. Overall, eight counties adopted tax rates within their truth in taxation (TNT) limits. Under the TNT laws, local governments are required to notify taxpayers of their intent to increase primary property taxes (exclusive of new construction) over the previous year. This year, seven counties exceeded their TNT limits, with the most significant increase in Pima County. Despite the extensive opposition from Pima County taxpayers and businesses, the Pima County BOS adopted a staggering 61-cent primary property tax rate increase. As a result, Pima County has regained the unfavorable distinction of levying the highest tax rate of all the counties with the adoption of its \$4.2779 tax rate, which exceeds the average county primary tax rate by \$2.0991.

**Table 6. Primary Tax Rates**

County	FY 2014	FY 2015	\$ Change	% Change	Max Tax Rate	TNT	\$ over TNT
Apache	\$0.4593	\$0.4810	\$0.0217	4.7%	\$0.4810	\$0.4716	\$0.0094
Cochise	\$2.6276	\$2.6276	\$0.0000	0.0%	\$3.3418	\$2.8295	-\$0.2019
Coconino	\$0.5466	\$0.5646	\$0.0180	3.3%	\$0.5646	\$0.5535	\$0.0111
Gila	\$4.1900	\$4.1900	\$0.0000	0.0%	\$6.7275	\$4.5318	-\$0.3418
Graham	\$2.3711	\$2.1794	(\$0.1917)	-8.1%	\$2.3127	\$2.1794	\$0.0000
Greenlee	\$0.7350	\$0.5500	(\$0.1850)	-25.2%	\$0.5559	\$0.5390	\$0.0110
La Paz	\$1.9608	\$2.2863	\$0.3255	16.6%	\$2.2863	\$2.1145	\$0.1718
Maricopa	\$1.2807	\$1.3209	\$0.0402	3.1%	\$1.8068	\$1.2486	\$0.0723
Mohave	\$1.8196	\$1.8196	\$0.0000	0.0%	\$2.2729	\$1.8909	-\$0.0713
Navajo	\$0.6995	\$0.8185	\$0.1190	17.0%	\$0.8185	\$0.7561	\$0.0624
Pima	\$3.6665	\$4.2779	\$0.6114	16.7%	\$4.9720	\$3.7633	\$0.5146
Pinal	\$3.7999	\$3.7999	\$0.0000	0.0%	\$5.9982	\$3.8371	-\$0.0372
Santa Cruz	\$3.4215	\$3.6471	\$0.2256	6.6%	\$4.1822	\$3.6471	\$0.0000
Yavapai	\$1.9308	\$1.9580	\$0.0272	1.4%	\$2.2599	\$1.9732	-\$0.0152
Yuma	\$2.0606	\$2.1608	\$0.1002	4.9%	\$2.4470	\$2.1609	-\$0.0001
<b>Avg. Rates</b>	<b>\$2.1046</b>	<b>\$2.1788</b>	<b>\$0.0741</b>	<b>3.5%</b>	<b>\$2.7352</b>	<b>\$2.1664</b>	<b>\$0.0123</b>

Overall, primary levies adopted by the counties increased more than \$78 million (8.3%). Six counties that are at or near (within 10%) their constitutional levy limit include Apache, Coconino, Graham, Greenlee, La Paz, and Navajo County (Table 7).

**Table 7. Primary Levies**

County	FY 2014	FY 2015	\$ Change	% Change	Max Levy
Apache	\$2,414,647	\$2,470,684	\$56,037	2.3%	\$2,470,684
Cochise	\$26,446,148	\$25,114,167	(\$1,331,981)	-5.0%	\$31,940,374
Coconino	\$8,303,326	\$8,541,236	\$237,910	2.9%	\$8,541,236
Gila	\$18,378,381	\$17,434,578	(\$943,803)	-5.1%	\$27,993,108
Graham	\$4,558,218	\$4,608,769	\$50,551	1.1%	\$4,890,658
Greenlee	\$2,478,151	\$2,521,341	\$43,190	1.7%	\$2,548,389
La Paz	\$4,251,708	\$4,705,534	\$453,826	10.7%	\$4,705,534
Maricopa	\$409,775,397	\$442,762,977	\$32,987,580	8.1%	\$605,635,662
Mohave	\$32,231,883	\$31,438,928	(\$792,955)	-2.5%	\$39,271,015
Navajo	\$6,318,553	\$6,916,474	\$597,921	9.5%	\$6,916,474
Pima	\$277,155,468	\$321,633,141	\$44,477,673	16.0%	\$373,818,925
Pinal	\$75,575,541	\$76,193,762	\$618,221	0.8%	\$120,273,013
Santa Cruz	\$11,576,873	\$11,707,247	\$130,374	1.1%	\$13,424,848
Yavapai*	\$43,108,560	\$43,415,263	\$306,703	0.7%	\$50,108,148
Yuma	\$22,916,250	\$24,037,770	\$1,121,520	4.9%	\$27,221,595
<b>TOTALS</b>	<b>\$945,489,104</b>	<b>\$1,023,501,871</b>	<b>\$78,012,767</b>	<b>8.3%</b>	<b>\$1,319,759,663</b>

\*The primary property tax levy for Yavapai County includes an additional levy of \$306,703 for the Transwestern judgment.

## Charges to Special Districts

Most of the 15 counties charge their special revenue funds, particularly their countywide special taxing districts, for the reimbursement of county services. The methodology used to determine the amount to charge the Districts vary between counties but should be representative of real costs associated with those Districts.

In addition, the state budget has included a provision over the last several years that has allowed the counties with population under 200,000 to transfer revenues from any special revenue source including countywide special taxing districts to their general funds to meet any financial obligation. Effective for FY 2014, the counties were required for the first time to report those transfers to the Joint Legislative Budget Committee. Of the ten counties that qualify for the transfers, only three reported using the flexibility language to transfer a total of \$1.3 million from their special revenue funds to their GF. Apache County transferred \$500,000 from three of its special taxing districts, Navajo \$580,300 from the Public Health Services District, and Yuma transferred \$28,868 from a few of its special taxing districts to their GF. The remaining qualifying counties that did not use the flexibility language included Cochise, Coconino, Gila, Graham, Greenlee, La Paz, and Santa Cruz Counties<sup>1</sup>.

## County Employee Compensation

In recent years, most counties opted to award employees with one-time distributions due to the uncertain economic times. However, now that county GF revenues are on the rise again, almost all of the counties made the decision to award employee pay raises. Many of the counties that previously awarded only one-time distributions moved to permanent pay raises this year, which included raises for cost-of-living (COLA), pay-for-performance (PFP), and market adjustments. Many counties have either conducted or are in the process of conducting a classification and compensation study conducted to make a determination on current and future employee pay increases (Table 8).

**Table 8. Employee Compensation**

County	FY 2014 Budget	Estimated Total Impact	FY 2015 Budget	Estimated Total Impact
Apache	5% COLA	\$420,000	2%/3% COLA	\$200,000
Cochise	one-time distribution	\$1,482,000	One-time distribution + Market adjustments	\$1.08 million
Coconino	1.5% market + 2.5% merit on anniversary	\$2.75 million	2.5% Merit + \$400k for compression adj.	\$1.7 M (TF)
Gila	classification & compensation study	\$2 million slated	Avg. 6.2% increase	\$1.34 M (GF)
Graham	longevity raises	\$53,000	longevity + 4% avg. market adj.	\$346k (GF), \$561k (TF)
Greenlee	3.5% increase + 1.5% add'l for sheriffs	\$550,000	3% across the board	\$160k (GF), \$251K (TF)
La Paz	N/A	N/A	3% COLA	\$250k (GF), \$500k (TF)
Maricopa	PFP 5% avg. + equity adjs.	\$67 million	2.5% PFP, Market adj., Ed Asst Program	\$16.6 M (GF), \$27.5 M (TF)
Mohave	2.5% COLA	\$1.7 million	Conditional reclassifications	\$180,100 (TF)
Navajo	2% adj.	\$300,000	2% COLA, cond.2% one-time payment, Sheriff's mkt adj.	\$784k (GF), \$1.2 M (TF)
Pima	1% COLA + 2% + one-time adj	\$12 million	\$0.50 increase to all employees	\$5.3 M (GF), \$7.8M (TF)
Pinal	2.5% Merit	\$2.4 million (annualized)	2.5% (conditional distribution in 4th QTR)	\$2.2M (GF), \$2.8 M (TF)
Santa Cruz	one-time distribution	\$204,750	5% across the board	\$359k (GF), \$785k (TF)
Yavapai	Not budgeted	N/A	1% COLA, 0-3% adj.	\$1.3 M (GF), \$2.6 M (TF)
Yuma	Step increases	\$1.69 million	Reclassifications	\$27,114 (GF), \$55,570 (TF)

\*See county summaries for details on budgeted employee compensation.

Total GF salaries, including employee related expenses (EREs), increased 5.5% to approximately \$1.3 billion in FY 2015. This year's increase was mainly driven by the 6.5% growth in EREs, which accounts for 30% of total employee compensation. EREs include the costs associated with retirement, health care, FICA, and Medicare. Employee salaries, which represent the majority of total compensation, grew 5.5%. The counties with the largest percentage increases in salaries were Greenlee (9.4%), Maricopa (8.5%), Navajo (7.4%), Coconino (5.1%), and Apache (5%). Employee compensation as a percentage of county GF budgets averaged approximately 55% in FY 2015, ranging from a low of 41% in Santa Cruz County to a high of nearly 63% in Yavapai County.

<sup>1</sup> JLBC Monthly Fiscal Highlights, November 2013.

**Table 9. General Fund**

County	FTE'S		Salaries		Employee Related Exp.		Total Comp		% Chg.	% of GF
	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015		
Apache	154	165	\$6,531,918	\$6,858,429	\$3,354,376	\$3,175,628	\$9,886,294	\$10,034,057	1.5%	54.5%
Cochise	614	617	\$28,146,530	\$28,465,516	\$11,174,045	\$11,221,023	\$39,320,575	\$39,686,539	0.9%	48.6%
Coconino	487	497	\$25,447,329	\$26,738,366	\$10,479,121	\$10,999,580	\$35,926,450	\$37,737,946	5.0%	52.0%
Gila	413	404	\$16,771,930	\$16,335,391	\$7,102,563	\$7,014,193	\$23,874,493	\$23,349,584	-2.2%	52.8%
Graham	190	187	\$8,494,295	\$8,485,783	\$2,726,287	\$2,735,533	\$11,220,582	\$11,221,316	0.0%	52.8%
Greenlee	92	101	\$4,286,247	\$4,687,149	\$1,820,229	\$2,074,735	\$6,106,476	\$6,761,884	10.7%	58.5%
La Paz	131	130	\$6,159,930	6,159,930	\$2,660,706	2,667,535	\$8,820,636	8,827,465	0.1%	52.4%
Maricopa*	7,339	7,620	\$392,811,367	\$426,022,150	\$143,907,311	\$159,184,541	\$477,099,455	\$519,517,084	8.9%	51.1%
Mohave	711	717	\$32,140,407	\$32,308,397	\$14,051,947	\$14,119,349	\$46,192,354	\$46,427,746	0.5%	57.5%
Navajo	376	394	\$16,507,161	\$17,722,468	\$7,019,621	\$7,733,837	\$23,526,782	\$25,456,305	8.2%	59.8%
Pima	4,739	4,755	\$207,371,588	\$217,362,979	\$88,473,823	\$92,192,216	\$295,845,411	\$309,555,195	4.6%	59.4%
Pinal	1,544	1,572	\$81,358,979	\$82,685,522	\$29,671,584	\$30,515,661	\$111,030,563	\$113,201,183	2.0%	61.5%
Santa Cruz	180	183	\$8,161,289	\$8,216,867	\$3,534,033	\$3,600,181	\$11,695,322	\$11,817,048	1.0%	41.2%
Yavapai	850	874	\$40,565,156	\$42,350,296	\$16,097,460	\$17,120,936	\$56,662,616	\$59,471,232	5.0%	62.6%
Yuma	666	659	\$31,177,515	\$30,910,513	\$12,761,417	\$13,665,260	\$43,938,932	\$44,575,773	1.4%	59.2%
<b>TOTALS</b>	<b>18,486</b>	<b>18,875</b>	<b>\$905,931,641</b>	<b>\$955,309,756</b>	<b>\$354,834,523</b>	<b>\$378,020,208</b>	<b>\$1,201,146,941</b>	<b>\$1,267,640,357</b>	<b>5.5%</b>	<b>54.9%</b>

\*Total compensation in the Maricopa County FY 2014 GF budget nets out \$59,619,223 in Personnel Allocation costs and \$65,689,607 in FY 2015.

In FY 2015, full-time equivalents (FTEs) included in the county GF budgets represent 57% of total budgeted FTEs and varies between the fifteen counties (Table 9). The difference between counties can be due to the level of reliance on special taxing districts. For example, a low percentage of FTEs in the GF may be reflective of a county that has greater reliance on special taxing districts compared to a county that funds the same services from its GF without creating an additional taxing source. The percentage of GF budgeted FTEs as a percentage of total FTEs ranges from a low of 41% in Apache County, which relies the most on special taxing districts, to a high of 74% in Pinal County, which relies less on special taxing districts.

Total employee compensation, including EREs, in all funds increased 5.7% to over \$2.2 billion in FY 2015 as a result of a 5.2% increase in EREs and a 5.9% increase in salaries. Total budgeted FTEs in FY 2015 are up 1.2% and amounted to 33,261 (Table 10).

**Table 10. Total Funds**

County	FTE'S		Salaries		Employee Related Exp.		Total Comp		% Chg.	% of TF
	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015		
Apache	390	404	\$14,413,425	\$14,873,372	\$7,155,563	\$6,728,728	\$21,568,988	\$21,602,100	0.2%	40.9%
Cochise	908	898	\$39,677,358	\$40,246,293	\$15,555,590	\$15,651,738	\$55,232,948	\$55,898,031	1.2%	36.8%
Coconino	1,056	1,062	\$50,638,768	\$53,441,204	\$21,146,941	\$21,566,075	\$71,785,709	\$75,007,279	4.5%	31.9%
Gila	660	652	\$25,882,666	\$25,412,964	\$10,908,052	\$10,890,871	\$36,790,718	\$36,303,835	-1.3%	38.4%
Graham	264	260	\$11,852,238	\$11,617,613	\$3,607,957	\$3,767,184	\$15,460,195	\$15,384,796	-0.5%	45.9%
Greenlee	160	168	\$6,525,373	\$6,939,938	\$2,855,093	\$3,120,812	\$9,380,466	\$10,060,750	7.3%	40.0%
La Paz	278	289	\$11,371,360	11,953,745	\$5,130,317	5,344,543	\$16,501,677	17,298,288	4.8%	54.0%
Maricopa	14,423	14,812	\$711,507,690	\$774,095,998	\$268,841,994	\$290,877,185	\$980,349,684	\$1,064,973,183	8.6%	34.8%
Mohave	1,272	1,275	\$55,863,245	\$55,347,435	\$24,245,262	\$24,163,337	\$80,108,507	\$79,510,772	-0.7%	31.5%
Navajo	679	692	\$28,256,868	\$29,320,344	\$11,339,115	\$12,639,255	\$39,595,983	\$41,959,599	6.0%	34.7%
Pima	7,328	7,255	\$311,458,136	\$330,630,578	\$132,676,288	\$134,022,351	\$444,134,424	\$464,652,929	4.6%	31.0%
Pinal	2,123	2,118	\$108,398,857	\$109,994,918	\$38,321,770	\$39,821,972	\$146,720,627	\$149,816,890	2.1%	39.6%
Santa Cruz	386	378	\$16,553,523	\$16,366,043	\$7,033,273	\$6,987,181	\$23,586,796	\$23,353,224	-1.0%	31.4%
Yavapai	1,504	1,555	\$69,275,429	\$72,779,035	\$26,928,645	\$28,844,580	\$96,204,074	\$101,623,615	5.6%	43.9%
Yuma	1,445	1,443	\$64,910,376	\$63,769,342	\$26,429,124	\$28,113,302	\$91,339,500	\$91,882,644	0.6%	37.9%
<b>TOTALS</b>	<b>32,876</b>	<b>33,261</b>	<b>\$1,526,585,312</b>	<b>\$1,616,788,822</b>	<b>\$601,492,196</b>	<b>\$632,539,114</b>	<b>\$2,128,077,508</b>	<b>\$2,249,327,936</b>	<b>5.7%</b>	<b>34.7%</b>



## APACHE COUNTY

### Overview

- Apache's GF budget for FY 2015 is \$18,404,897. This represents an increase of \$61,041 over last year's budget of \$18,343,856.
- The County's GF balance is \$5 million (27% of the GF budget). This amount is underreported by \$3 million. The FY 2015 county budget presentation to the BOS shows the actual opening fund balance is nearly \$8 million (43% of the GF budget), which County officials confirm is accurate.
- The total budget for FY 2015 is \$52,839,970, which represents an increase of \$1,668,608 (3.3%) over last year's budget of \$51,171,362.

### Property Values

- The primary NAV decreased 2.3% to \$513,655,622. New construction amounted to \$1,605,610 (0.31% of total NAV). The secondary NAV is down 2.6% to \$517,650,768.

### Property Tax Revenues

#### *Primary Levy*

- Apache County adopted its maximum tax rate of \$0.4810. Since the adopted rate exceeded the TNT rate of \$0.4716, the County was required to publish notice and hold a public hearing regarding the tax increase.
- The primary levy increased \$56,037 (2.3%), from \$2,414,647 to \$2,470,684.

#### *Flood Control District*

- The District's NAV decreased \$12,263,464 (5.5%), from \$223,646,043 to \$211,382,579.
- In FY 2014, there was enough in reserves to operate the District that the BOS did not need to levy a tax. In FY 2015 however, the County levied a tax rate of \$0.0442, which resulted in a levy of \$98,852.
- The FY 2015 District budget is down \$182,708 (48%), from \$382,000 to \$199,292.
- The FY 2015 beginning fund balance in the District is approximately \$200,000.

#### *Library District*

##### Operations

- The secondary tax rate for operations in the Library District is up \$0.0714, from \$0.2160 to \$0.2874. As a result, the levy increased \$339,390 (29.6%), from \$1,148,338 to \$1,487,728.
- The District's operating budget of \$1,617,563 is \$5,437 below last year's budget. The balance in the fund was approximately \$785,000 in FY 2014, which dropped to nearly \$150,000 in FY 2015.

##### GO Bonds

- At the November 2006 General Election, voters approved \$7.19 million in General Obligation (GO) bonds to construct new libraries.
- The tax rate levied for bonds increased from \$0.0813 to \$0.0989. As a result, the levy increased \$79,735 (18.4%), from \$432,222 to \$511,957.
- The FY 2015 debt service payment for the bonds is \$915,000; however, the actual required payment is only \$715,000. The fund balance in the District's GO debt fund was \$500,000 in FY 2014. The FY 2015 beginning fund balance is \$157,000.

#### *Jail District*

- The tax rate levied for the Jail District of \$0.2000 is the maximum rate per statute. The FY 2015 levy is \$1,035,302, a decrease of \$27,974 (2.6%) below the FY 2014 levy.
- Apache County budgeted \$686,350 in Federal inmate housing in FY 2015, \$63,350 (8.5%) less than last year's budget (FY 2014 actual revenues were only \$85,995). The County lost most of its Federal inmates and now currently has contracts with the Apache Reservation, Graham County, and is working on a contract

with the Navajo Nation. The adult facility can hold up to 178 beds. The jail was nearly 80% occupied on average in FY 2014 and its average occupancy is currently down to approximately 40%.

- The amount of budgeted FTEs in the District did not change as a result of the loss in Federal inmates. There are currently 39 FTEs in the District.
- The Jail District's budget decreased \$812,115 (22.6%), from \$3,591,333 to \$2,779,218 (FY 2014 actual estimated expenditures amounted to \$2,416,888).
- The maintenance of effort (MOE)<sup>2</sup> payment is \$450,516 in FY 2015.
- In FY 2014, the budgeted medical expenses in the jail were flat at approximately \$110,000 and dropped slightly to \$105,000 in FY 2015. The District uses a contractor in Maricopa County to facilitate psychological medical care to inmates.
- The District's beginning fund balance in FY 2014 was \$362,000 and dropped to approximately \$200,000 in FY 2015.

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

- The Juvenile Jail District tax rate decreased from \$0.0930 to \$0.0916. The levy decreased \$20,255 (4.1%), from \$494,423 to \$474,168.
- The juvenile facility holds 13 beds and the average occupancy is approximately 30%. The County does not rent beds to other entities but that option is currently being considered.
- The District budget decreased \$50,695 (6%), from \$844,343 to \$793,648.
- The MOE payment is \$316,033 in FY 2015.

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

- Community College: Since there is no community college district in Apache County, the County levies a property tax to pay the cost of tuition for residents that attend other colleges. The tax rate levied for junior college tuition is down \$0.0165, from \$0.2982 to \$0.2817. As a result, the levy decreased \$127,123 (8%), from \$1,585,345 to \$1,458,222.
- The State General Fund budget partially offsets the costs incurred by Apache County. In FY 2015, tuition assistance from the state increased \$233,300 (50%), from \$466,000 to \$699,300.
- The budget stayed the same at \$2,600,650.
- Post Secondary Education: The tax rate levied for post secondary education to operate a local branch of Northland Pioneer College is staying the same at \$0.1000. As a result, the levy decreased \$13,987 (3%), from \$531,638 to \$517,651. The budget remains the same at \$630,000.

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

- The District was created by a unanimous vote of the Board in April 2007 and FY 2008 was the first year the County levied a property tax for the District.
- The tax rate levied in FY 2015 decreased slightly from \$0.1274 to \$0.1260. This year's tax rate generated a levy of \$652,240, \$25,067 (3.7%) less than last year.
- The budget increased \$107,436 (24%), from \$447,058 to \$554,494 (operations budget only).
- The MOE payment from the GF to the District is \$105,688.
- The District's fund balance in FY 2014 was \$398,000. The FY 2015 beginning fund balance is approximately \$424,000.

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<sup>2</sup> A County that creates a Jail District and/or a Juvenile Jail District is required to maintain the same level of support of corrections facilities and programs by making a Maintenance of Effort (MOE) payment each year from the county GF to the District. The Auditor General determines the payment by using the amount expended by the County in the preceding fiscal year in which the District was initially created and adjusting that amount by the lesser of the annual change in the county primary property tax levy limit or the change in the GDP price deflator.

APACHE COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	0.4593	0.4810	0.0217	0.4716	\$2,414,647	\$2,470,684	\$56,037	2%
Flood Control	0.0000	0.0442	0.0442		\$0	\$98,852	\$98,852	100%
Library*	0.2973	0.3863	0.0890		\$1,580,560	\$1,999,685	\$419,125	27%
Jail District	0.2000	0.2000	0.0000		\$1,063,276	\$1,035,302	-\$27,974	-3%
Juvenile Jail	0.0930	0.0916	-0.0014		\$494,423	\$474,168	-\$20,255	-4%
JR College	0.2982	0.2817	-0.0165		\$1,585,345	\$1,458,222	-\$127,123	-8%
Post S.Ed	0.1000	0.1000	0.0000		\$531,638	\$517,651	-\$13,987	-3%
Public Health Services	0.1274	0.1260	-0.0014		\$677,307	\$652,240	-\$25,067	-4%
<b>OVERALL RATE</b>	<b>1.5752</b>	<b>1.7108</b>	<b>0.1356</b>		<b>\$8,347,196</b>	<b>\$8,706,804</b>	<b>\$359,608</b>	<b>4%</b>

\*Apache's Library District rate and levy is for operations and voter-approved GO bonds.

### **Other GF Revenues**

- VLT is up \$30,000 (5.8%), from \$520,000 to \$550,000.
- State shared sales tax revenues are up \$200,000 (4.3%), from \$4,600,000 to \$4,800,000.
- The budgeted half-cent sales tax remains level at \$1,200,000.
- PILT decreased \$442,091 (28.5%), from \$1,551,945 to \$1,109,854.
- In FY 2015, the County received \$550,038 in lottery revenue from the state.

### **Special Revenues**

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

- HURF revenue is up \$550,000 (10.6%), from \$5,200,000 to \$5,750,000.
- VLT revenue is down \$100,000 (4.8%) to \$2,000,000.
- In FY 2014, the fund balance in the Road Fund was approximately \$1.4 million and increased to \$2.5 million in FY 2015.
- The budget increased \$1,600,251 (19.1%), from \$8,381,782 to \$9,982,033.

**Charges to Special Districts** - This section shows the charges for reimbursement of indirect services and/or per parcel charges to its special taxing districts and other special revenue funds.

- The amount transferred from the special taxing districts to the GF in FY 2014 amounted to \$2,256,829 and \$2,257,459 in FY 2015 (includes additional transfers of \$500,000 in each fiscal year as authorized by the state budget provision to offset state cost shifts):
  - Flood Control District – FY 2014 = \$112,361; FY 2015=\$127,418
  - Library District – FY 2014 = \$251,293; FY 2015 = \$390,492
  - Jail District – FY 2014 = \$400,000; FY 2015 = 0
  - Juvenile Jail District – FY 2014 = \$213,496; FY 2015 = \$218,477
  - Public Health Services District – FY 2014 = \$351,997; FY 2015 = \$566,229
  - Road Fund – FY 2014 = \$927,682; FY 2015 = \$954,843

### **Expenditures**

- Employee compensation: In FY 2014, the County awarded employee's with a 5% COLA, effective the first pay period in July. The estimated total cost was \$420,000 [\$280,000 to the GF/\$140,000 to other funds (OF)]. The FY 2015 budget includes a 3% COLA for employees making less than \$50,000 and 2% for all other employees, amounting to a total impact of approximately \$200,000.
- Budgeted payroll: In FY 2014, GF budgeted payroll, including EREs, were budgeted at \$9,886,294. The payroll in TF was budgeted at \$21,289,355. In FY 2015, the GF budgeted payroll increased to \$10,034,057 and total budgeted payroll increased to \$21,602,101.
- Health benefits: The County covers 98% of the health premium costs for employees and 76% (on average) for dependents. In FY 2014, health insurance costs increased 5% and was passed on to employees at a cost of \$120/employee. There was a minimal increase in health insurance costs in FY 2015.
- Budgeted FTEs: In FY 2015, FTEs in the GF increased from 154 to 165. The FTEs in TF increased from 390 to 404.
- Employee vacancy & turnover rates: The employee turnover rate was 19% in 2013. The current employee vacancy rate is unknown.

**Capital Projects/Debt**

According to the Arizona Department of Revenue's FY 2014 Report of Bonded Indebtedness, the Library District had \$4,245,000 in outstanding GO debt. As noted previously under the Library District summary, the FY 2015 debt service payment is \$915,000. In addition, the County has a loan from the Greater Arizona Development Authority (GADA), which has an outstanding balance of \$3,580,000. Currently, the County is paying interest-only on the GADA loan but is building up reserves in order to pay off the loan in FY 2017.

## COCHISE COUNTY

### Overview

- Cochise County's GF budget for FY 2015 is \$81,595,849, a \$1,136,500 (1.4%) increase above the FY 2014 budget of \$80,459,345.
- The County has a beginning fund balance of \$29,059,354, an increase of \$1,167,058 (4.2%) above last year. The beginning fund balance represents 35.6% of the total GF budget.
- The total budget is \$151,975,063, which is a decrease of \$8,388,448 (5.2%) below last year's adopted budget of \$160,363,511.

### Property Values

- The primary NAV dropped 5.6% to \$955,783,522. New construction amounted to \$21,122,320 (2.21% of total NAV). The secondary NAV is down 5.1% to \$959,542,199.

### Property Tax Revenues

#### *Primary Levy*

- The primary tax rate remains the same at \$2.6276 in FY 2015. Since the tax rate is lower than the TNT rate of \$2.8295, the County was not required to hold a TNT hearing.
- The primary property tax levy dropped \$1,331,981 (5%) to \$25,114,167.

#### *Flood Control District*

- The District's NAV decreased \$46,561,018 (5.4%), from \$855,854,956 to \$809,293,938.
- The secondary tax rate for the District remains the same at \$0.2597. The levy decreased from \$2,222,655 to \$2,101,736, \$120,919 (5%) less than last year.
- Budgeted expenditures for the District are \$5,924,340, a decrease of \$1,290,335 (17.9%). The estimated actual expenditures reported for last year amounted to \$3,119,622, 43% of budgeted expenditures.
- In FY 2014, the beginning fund balance was \$5,306,375. In FY 2015, the district's beginning fund balance is \$4.1 million, which is estimated to drop to \$2 million by the end of the fiscal year. Reserves have been built up to fund a variety of projects, which will be steadily drawn down over the next few years.

#### *County Library*

- The Library District levy is \$1,392,296, \$74,867 (5%) less than last year's levy. The rate remains the same at \$0.1451.
- The District budget dropped \$206,160 (9%), from \$2,294,664 to \$2,088,504. The County operates five branches and a bookmobile. The District also operates the information system that is used by the city libraries.
- The beginning fund balance in FY 2014 was \$883,085 and increased slightly to \$894,000 in FY 2015. The reserves in the District will be used to purchase a new library cataloging system in the future at an estimated cost of \$500,000.

COCHISE COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	2.6276	2.6276	0.0000	2.8295	\$26,446,148	\$25,114,167	-\$1,331,981	-5%
Flood Control	0.2597	0.2597	0.0000		\$2,222,655	\$2,101,736	-\$120,919	-5%
Library	0.1451	0.1451	0.0000		\$1,467,163	\$1,392,296	-\$74,867	-5%
<b>OVERALL RATE</b>	<b>3.0324</b>	<b>3.0324</b>	<b>0.0000</b>		<b>\$30,135,966</b>	<b>\$28,608,199</b>	<b>-\$1,527,767</b>	<b>-5%</b>

### Other GF Revenues

- Budgeted Auto in Lieu revenues remain the same at \$3,500,000.
- State shared sales tax is up \$600,000 (5.3%), from \$11,400,000 to \$12,000,000.
- The County's half-cent sales tax in FY 2015 is budgeted at \$7,000,000.
- PILT is budgeted to remain the same in FY 2015 at \$1,816,386.
- The County budget includes \$550,000 in State lottery fund revenues.

## Special Revenues

### *HURF*

- HURF revenues are up \$792,279 (9.8%), from \$8,100,000 to \$8,892,279 (estimated actual revenues for FY 2014 are reported at \$8,542,279).
- The HURF budget increased slightly to \$15,134,349.

## Charges to Special Districts

- Library District - In FY 2014, the County charged the District a \$1.44 per parcel fee for the printing and mailing of tax bills, which amounted to a total charge of \$181,872. The per parcel fee for FY 2015 is \$181,900. The County also charged the District \$256,431 for overhead costs.
- Flood Control District - In FY 2014, the \$1.44 per parcel fee amounted to a total charge of \$181,872 to the District. In FY 2015, the per parcel fee amounted to \$181,900. An additional \$64,197 was charged for overhead costs.
- Other taxing districts - In FY 2014, the County charged all of the other special taxing districts a total of \$53,388 for indirect costs. The County charged the districts \$53,328 in FY 2015.

## Expenditures

- Employee compensation: In December 2013, the County provided employees with a one-time distribution that amounted to a total cost of \$1.482 million (\$1,000,000 impact to the GF). The distributions were based on employee performance and made in two separate payments in Decembers 2013 and May 2014. In addition, during FY 2014, the County provided market adjustments to Detention Officers due to high turnover. The County conducted an in-house study to determine the market adjustments, which was estimated to cost approximately \$270,000 on an annual basis.
- For FY 2015, the County will be providing employees with one-time distributions once again at a maximum total cost of \$880,000 (\$600,000 to the GF and an estimated cost of \$280,000 to OF). The distributions will be based on performance and are estimated to go into effect mid-fiscal year. The County also set aside an additional \$200,000 in the GF for market adjustments that may be needed throughout the year and to assist in filling high turnover positions.
- Budgeted payroll: In FY 2015, the GF budgeted payroll, including EREs, increased from \$39,320,575 to \$39,686,539. Total budgeted payroll increased from \$55,232,948 to \$55,898,031.
- Health benefits: The 2.8% increase in health premium costs in FY 2013 was absorbed by the County. The impact to the GF was \$103,826 and the impact to other funds was \$57,703. The County subsidizes 100% of the employee's premiums and 44.5% of dependents (tiered system). There was no change in health care costs in FY 2014 and FY 2015.
- Budgeted FTEs: In FY 2015, the GF budgeted FTEs increased by 3 to 617 and TF FTEs dropped 10 to 898.
- Employee turnover & vacancy rates: In FY 2014, the employee vacancy rate was approximately 11% for all funds. The employee turnover rate was 22.4%.
- **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 13. The County does not rent beds to other entities.
  - **Adult**: The adult facility is designed to hold 160 beds but actually accommodates 260 beds with double bunking, with an occupancy rate of approximately 77%. The County rents beds annually to the military, Customs, and Federal prisoners at a daily rate of \$57.94. Federal prisoner reimbursements were budgeted at \$9,000 in FY 2014. The Cochise County Jail operates a clinic in order to provide medical care to 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. Medical costs for the jail were budgeted at \$981,120 in FY 2014, which included \$195,498 for mental health. The estimated medical costs for FY 2015 are budgeted at approximately \$1 million.

## **Capital Projects**

In FY 2015, the Capital Projects budget decreased from \$29,117,440 to \$22,220,813. The following is a list of some of the major capital projects:

- Jail Remodel (\$2,500,000)
- Network upgrade (\$600,000)
- Microwave improvements (\$1,500,000)
- CCSO Regional Evidence Storage Facility (\$130,000)
- IT Network backbone/infrastructure upgrade (\$200,000)
- BDI Sweeper (\$116,200)
- Joint Dispatch (\$150,000)
- Mgt System Software (\$104,153)
- Davis Road (\$165,000)
- Communications Project (\$771,601)

As noted in the above list, the County is currently considering a remodel of the existing jail facility at a maximum cost of \$2.5 million. Although the jail population has been declining, partly due to a loss of Federal prisoners, the County must separate the prisoners with mental health issues and juveniles being tried as adults as well as the women prisoners, from the general prison population. Although the County has most if not all of the cash on hand to pay for the project, the County is currently near its Constitutional expenditure limit. County officials are considering all options, including the possibility of going to the voters to increase the base expenditure limit.

## **Debt**

According to the Department of Revenue's FY 2014 Report of Bonded Indebtedness, the County held \$3,165,000 in outstanding certificates of participation (COPs). The COPs funded the construction of the Melody Lane County Complex; however, County officials claim they have since paid the debt in full. The County also held \$210,804 in outstanding lease purchase debt at the end of FY 2014.

# COCONINO COUNTY

## Overview

- Coconino County's GF budget for FY 2015 is \$72,591,508. This is an increase of \$1,782,595 (2.5%) over last year's budget of \$70,808,913.
- The County's beginning fund balance decreased \$2,978,319 (9.8%) in FY 2015 to \$27,259,345. The fund balance is equivalent to 37.6% of the GF budget.
- Coconino County's total budget (financial resources) for FY 2015 is \$235,165,312, a decrease of \$28,550,264 (10.8%) below last year's budget of \$263,715,576. The dramatic decrease in the total budget is largely the result of a \$28 million reduction in unawarded grants. Of the total financial resources available, the County budgeted to spend \$201,010,897.

## Property Values

- In FY 2015, Coconino County's primary NAV fell just 0.41% to \$1,512,794,264. New construction amounted to \$12,653,745 (0.84% of total NAV). The Secondary NAV grew slightly to \$1,534,483,938.

## Property Tax Revenues

### *Primary Levy*

- The County adopted its maximum tax rate of \$0.5646, which exceeded the TNT rate of \$0.5535 by \$0.0111. As a result, the County was required to hold a TNT hearing and publish notice of the tax increase.
- The primary tax levy increased \$237,910 (2.9%), from \$8,303,326 to \$8,541,236.

### *County Library*

- The County kept the library district tax rate stayed the same at \$0.2556. As a result, the levy increased \$3,626 to \$3,922,141.
- The budget decreased \$4,925, from \$3,834,594 to \$3,829,669.
- In FY 2014, the estimated beginning fund balance was \$254,789. The beginning fund balance in FY 2015 is 259,407.

### *Flood Control District*

- The District's NAV dropped \$11,299,482 (1.8%), from \$617,332,542 to \$606,033,060.
- Coconino County's Flood Control District tax is levied on all properties outside the cities of Flagstaff, Page, and Fredonia. The tax rate in FY 2015 remains the same at \$0.4000.
- The levy increased \$83,392 (3.4%), from \$2,469,330 to \$2,552,722.
- The District budget is down \$710,608 (5.2%), from \$13,736,681 to \$13,026,073.
- In FY 2014, the beginning fund balance was estimated at \$1,858,516. The beginning fund balance for FY 2015 is zero.

### *Public Health Services District*

- The District was created in 2009 by a unanimous vote of the BOS. In FY 2011, the County levied a property tax for the first time and set the tax rate at the 25-cent maximum per state statute.
- In FY 2015, the levy increased \$3,547 to \$3,836,210.
- Other special revenue budgeted in the District in FY 2015 increased \$57,136, from \$5,802,075 to \$5,859,211.
- In FY 2013, the MOE payment for the District was \$3,739,233 and the County transferred an additional \$299,155 from the GF to the District to augment the drop in property taxes (intended to be paid back in the future when the property taxes rebound). For FY 2014, the MOE increased to \$3,851,420 and an additional \$767,694 was transferred from the GF to the District to offset property taxes, as well as an additional \$535,000 for Title 36 contracts (mental health services). The FY 2015 MOE increased to \$3,928,438.
- The FY 2015 District budget (operating only) is up \$89,403 (0.9%), from \$10,292,465 to \$10,381,868.



- The District's beginning fund balance in FY 2014 was estimated at \$251,580 and increased to approximately \$1.4 million in FY 2015.

COCONINO COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	0.5466	0.5646	0.0180	0.5535	\$8,303,326	\$8,541,236	\$237,910	3%
Library	0.2556	0.2556	0.0000		\$3,918,515	\$3,922,141	\$3,626	0%
Flood Control*	0.4000	0.4000	0.0000		\$2,469,330	\$2,552,722	\$83,392	3%
Public Health Services	0.2500	0.2500	0.0000		\$3,832,663	\$3,836,210	\$3,547	0%
<b>OVERALL RATE</b>	<b>1.4522</b>	<b>1.4702</b>	<b>0.0180</b>		<b>\$18,523,834</b>	<b>\$18,852,309</b>	<b>\$328,475</b>	<b>2%</b>

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

## Other Revenues

### *GF Revenues*

- Auto in Lieu revenues decreased \$91,074 (2.7%), from \$3,365,110 to \$3,274,036.
- State shared sales tax is up \$21,546, from \$19,676,888 to \$19,698,434.
- The half-cent sales tax is up \$5,821, from \$12,691,779 to \$12,697,600.
- PILT revenue is up \$593,210 (55.3%), from \$1,073,000 to \$1,666,210.
- Non-departmental revenue decreased \$347,647 (10%), from \$3,334,001 to \$2,986,354. This line-item includes all of the indirect costs charged to County departments.
- The County continues to receive \$550,038 in lottery revenue from the state.

## 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 went into effect on January 1, 2007. In addition, the Jail District sales tax was extended 15 years, which will now sunset in 2027.
- Total budgeted Jail District revenues in FY 2015 are up \$5,821 to \$14,310,140.
- The MOE payment increased \$26,078, from \$2,518,950 to \$2,545,028.
- The operating budget increased \$3,661,066 (25.9%), from \$14,145,802 to \$17,806,868.
- **Jail facilities**
  - **Juvenile:** The juvenile facility currently holds 34 beds. The County can potentially rent beds to the Federal Marshals at \$265/day; however, revenue from renting beds was not collected or budgeted over the last four years. Last year, the average occupancy of the facility was 19.
  - **Adult Detention:** The Flagstaff Detention Facility holds 596 beds (the County attempts to maintain an average occupancy of approximately 80%) and the Page facility holds 48 beds. The County rents beds to the Bureau of Indian Affairs (BIA), the Federal Bureau of Prisons (BOP), and the Yavapai County Sheriff's office at \$60/day. Revenues in FY 2014 were budgeted at \$1,372,179 and dropped to approximately \$1 million in FY 2015.
  - In FY 2014, the estimated medical expenses for the Flagstaff and Page facilities were estimated at \$706,587.

### *Parks and Open Space*

- At the 2002 General Election, voters approved a  $\frac{1}{8}$ -cent capital projects sales tax for the purpose of implementing the Coconino Parks and Open Space Program. The tax was scheduled to sunset once collections reached \$33 million, which County officials expected would occur by September 2014. As a result, the tax rate was repealed effective October 1, 2014.
- The sales tax was budgeted at \$3,217,556 in FY 2014.
- The FY 2015 budget increased \$266,363 (2%), from \$13,339,166 to \$13,605,529.

### *Road Fund*

- HURF (Public Works) budgeted revenues dropped \$238,682 (2.2%), from \$10,828,855 to \$10,590,173.

- The HURF budget decreased \$5,710,159 (24.4%), from \$23,429,373 to \$17,719,214.

### **Charges to Special Districts**

- Public Health Services District- In FY 2014, the County charged the District \$1,358,566 for indirect costs. In FY 2015, the County charged the District \$1.3 million.
- Library District - The County does not charge the Library District for indirect costs.
- Jail District - The County charged the District \$867,437 in FY 2014, which dropped to \$786,036 in FY 2015.
- Flood Control District - The County charged the District \$71,630 in FY 2014 and \$179,352 in FY 2015.
- Road Fund - The County charged the Fund \$907,145 in FY 2014 and \$406,036 in FY 2015.

### **Expenditures**

- Employee compensation: In FY 2014, the County awarded employees with a 1.5% market adjustment, effective July 1, 2013, and the total impact was \$1.050 million (\$500,000 to the GF/\$550,000 to OF). In addition, the County provided employees with a 2.5% merit raise on their anniversary date for a total cost of \$1.7 million (\$800,000 to the GF/\$900,000 to OF). In FY 2015, the County again awarded employees with a 2.5% merit increase effective on the employee's anniversary date at a total cost of \$1.7 million (\$800,000 to the GF/\$900,000 to OF). The BOS set aside an additional \$400,000 in the GF for possible compression mid-year raises for employees, which will be decided by the BOS following the November election (see discussion under *County Road Maintenance Sales Tax Initiative*).
- Budgeted payroll: Budgeted payroll, including EREs, in the GF increased from \$35,926,450 to \$37,737,946. The budgeted payroll in TF increased from \$71,785,709 to \$75,007,279.
- Health benefits: The County is the primary contributor to the Northern Arizona Public Employees Benefit Trust while employee contributions are minimal. The County has begun phasing in its wellness program, which offers a \$20/month discount to employees who participate in preventive screenings and a healthy lifestyle. In FY 2014, the Health Insurance budget decreased 3.5% (\$266,000). There is no increase budgeted for FY 2015.
- Budgeted FTEs: In FY 2015, the GF budgeted FTEs increased 10, from 487 to 497. Total FTEs rose 6, from 1,056 to 1,062.
- Employee vacancy and turnover rates: The turnover rate is approximately 12%. The vacancy rate is currently unknown.

### **County Road Maintenance Sales Tax Initiative (Prop 403)**

Coconino County voters passed Prop 403 at the November 2014 ballot. The measure authorized a 3/10-cent County sales tax rate for maintaining and preserving the conditions of Coconino County roads. The tax will be in effect for 20 years beginning January 1, 2015. The County estimates that the sales tax will raise approximately \$7 million a year to fund road maintenance costs, including costs related but not limited to snowplowing, dirt road grading, road surface chip sealing, road maintenance and other road-related expenses.

### **Capital Projects**

The FY 2015 budget includes \$2,050,278 in capital projects. Of the total, \$757,961 is designated for repairs in the Jail District and the remainder is for various other capital improvement projects. The County is in the planning stages of demolishing the old jail that is not being utilized for its original purpose. The County is also planning to remodel the Page Justice building. The current jail facility is close to capacity; therefore, the County is planning to construct a new building on the existing parcel that will serve as transitional housing and is estimated to cost approximately \$3 million.

### **Debt**

According to the Department of Revenue's FY 2014 Report of Bonded Indebtedness, the County does not hold any debt.

## GILA COUNTY

### Overview

- Gila County's GF budget for FY 2015 is \$44,230,262, a \$1,801,593 (3.9%) decrease below last year's budget of \$46,031,855. This year's decrease was accomplished with \$1,342,343 in employee vacancy savings.
- The County's beginning fund balance for this year is \$15,766,569, \$4,082,328 (21%) less than last year. The fund balance represents 36% of the GF budget.
- The total budget for FY 2015 of \$94,444,905 is a decrease of \$807,120 (0.8%) below last year's adopted budget of \$95,252,025.

### Property Values

- The primary NAV decreased 5.14% to \$416,099,715. New construction amounted to \$10,558,743 (2.54% of total NAV). Secondary NAV is down 4.8% to \$419,257,531.

### Property Tax Revenues

#### *Primary Levy*

- Gila's primary property tax rate remains the same at \$4.1900. This year's primary tax rate is \$0.3418 below the TNT rate of \$4.5318; therefore, the County was not required to hold a TNT hearing.
- The primary levy of \$17,434,578 is \$943,803 (5%) below last year's levy of \$18,378,381.

#### *County Library*

- The Library District levy is \$838,716, down \$41,870 (4.8%) from last year. The tax rate stayed the same at \$0.2000.
- The District budget decreased \$200,485 (11.3%), from \$1,779,558 to \$1,579,073.
- The beginning fund balance for FY 2014 was \$739,410, which dropped to \$630,000 in FY 2015.

GILA COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	4.1900	4.1900	0.0000	4.5318	\$18,378,381	\$17,434,578	-\$943,803	-5%
Library	0.2000	0.2000	0.0000		\$880,586	\$838,716	-\$41,870	-5%
<b>OVERALL RATE</b>	<b>4.3900</b>	<b>4.3900</b>	<b>0.0000</b>		<b>\$19,258,967</b>	<b>\$18,273,294</b>	<b>-\$985,673</b>	<b>-5%</b>

### Other GF Revenues

- Auto in Lieu is up \$56,944 (3.8%), from \$1,500,000 to \$1,556,944.
- State shared sales tax is up \$56,150 (1.1%), from \$4,900,000 to \$4,956,150.
- The County's half-cent sales tax revenue stayed the same at \$2,600,000.
- PILT revenue is up slightly to \$3,200,905.
- Lottery revenues are budgeted at \$550,000 in FY 2015.

### Jail Facilities

#### Adult facility

- The adult facility holds 219 beds and is near max occupancy. The County currently rents beds to other counties at a rate of \$54.63/day. Projected revenues in FY 2015 are budgeted at \$136,500.

#### Juvenile facility

- The juvenile facility holds 26 beds. Gila County contracts with the US Marshals for renting beds at \$131/day (until recently, the County rented beds to BIA; however, the tribe built their own facility so the County currently receives few if any BIA prisoners). Total revenues from renting beds remain the same at \$80,000. The Juvenile Detention budget increased \$9,936, from \$1,312,349 to \$1,322,285.
- In FY 2015, the Sheriff's budget decreased \$51,755, from \$10,708,918 to \$10,657,163.

## **Special Revenues**

### ***Road Budget***

- HURF revenues increased \$215,152 (7%), from \$3,066,000 to \$3,281,152.
- VLT dropped slightly to \$809,409.
- The County Transportation Sales Tax was scheduled to sunset on December 31, 2014; however, voters approved Prop 404 at the November 2014 ballot, which extended the sales tax another 20 years, effective January 2015. With its passage, the County plans to share the revenues with cities and towns. In FY 2015, the budgeted revenues are anticipated to drop \$807,156 (26%) to \$2,282,844.
- The total Road Fund budget is up \$635,530 (5.4%), from \$11,809,197 to \$12,444,727.

## **Charges for Services**

- Library District - Beginning in FY 2014, the County charged the District \$94,990 for indirect costs. The charges dropped to \$54,990 in FY 2015. The County does not charge a per parcel fee for printing and mailing of tax bills like some other counties.
- Road Fund - The County charged the Road Fund \$798,767 for indirect costs in FY 2014. In FY 2015, the charges increased to \$823,072.

## **Expenditures**

- Employee compensation:
  - The County offers two opportunities each year for employees to receive financial recognition of a one-time payment in December based on the change in CPI or in June based on the employee's performance appraisal score.
  - The County had a classification and compensation study completed in the Spring of 2014, which became effective for FY 2015. As a result, employee salaries increased by an average 6.2% and the total impact to the GF amounted to \$1.34 million.
- Budgeted payroll: In FY 2014, the GF budgeted payroll, including EREs, was budgeted at \$23.9 million and \$36.8 million in TF. In FY 2015, budgeted payroll in the GF decreased to \$23.3 million and \$36.3 million in TF.
- Health benefits: In FY 2014, the County's health insurance premium costs increased by approximately 2%, which was entirely absorbed by the County (\$65,406 to the GF/\$24,902 to OF). In FY 2015, health insurance premiums costs increased 2.8%, which was entirely absorbed by the County GF (\$129,000 impact). The County currently pays 93% for employee coverage and 60% for dependents, depending on the level of benefits.
- Budgeted FTEs: In FY 2014, GF FTEs were down 5 to 413 and FTEs in TF were down 15 to 660. In FY 2015, GF FTEs dropped 9 to 404 and total fund FTEs dropped by 8 to 652.
- Employee vacancy & turnover rates: In FY 2015, the GF budget included a line item titled "vacancy savings" that amounted to \$1,342,343 and represented 3.8% of the GF budgeted expenditures. The voluntary turnover rate remains at approximately 20%.
- Enterprise Funds: The budgeted expenditures increased from \$3,405,826 in FY 2014 to \$4,649,764 in FY 2015. Of that amount, \$2,608,354 is dedicated for recycling and landfill management, \$1,991,410 for the Russell Gulch expansion, and \$50,000 for Buckhead Mesa expansion.

## **Capital Projects**

In FY 2015, the capital projects budget increased from \$2,720,100 to \$3,216,162 (non-capitalized projects not included). Some of the major capital improvement projects are as follows: \$648,612 for the Globe Courthouse remodel/repairs; \$196,400 for the Globe Jail bldg repairs/parking lot repaving; \$386,750 for the Payson Jail remodel/parking lot repaving; \$500,000 to construct an Animal Control building in Globe (joint project with city); \$111,080 for the Payson Chamber remodel; and \$129,000 for the Payson Courthouse steps & landings. The budget also includes \$408,400 in Court security projects and \$483,946 in bond building projects.

**Debt**

According to the Department of Revenue's FY 2014 Report of Bonded Indebtedness, there is \$6,575,000 outstanding in revenue bonds. During FY 2010, the County borrowed \$8 million in revenue bonds over 20 years for the construction of the new Public Works facilities, expansion of its jail facilities, and a new evidence storage facility for the Sheriff's office. The budgeted debt service payment stayed the same for FY 2015 at \$628,150. The County also held \$33,970 in lease-purchase debt.

## GRAHAM COUNTY

### Overview

- Graham County's GF budget for FY 2015 is \$21,270,214, an increase of \$334,776 (1.6%) from \$20,935,438 in FY 2014.
- The County's beginning fund balance is \$1,926,170, up \$657,877 (51.9%) over last year's fund balance. The fund balance represents 9.1% of the total GF budget.
- The County's total budget of \$33,523,198 is an increase of \$631,956 (1.9%) over last year's total budget of \$32,891,242.

### Property Values

- In FY 2015, the primary NAV increased 10% to \$211,469,611. New construction amounted to \$2,320,858 (1.1% of total NAV). Secondary NAV is up 10% to \$213,508,436.

### Property Tax Revenues

#### *Primary Levy*

- The primary tax rate decreased \$0.1917, from \$2.3711 to \$2.1794, which is the County's TNT rate.
- The County's primary levy is \$4,608,769, which is an increase of \$50,551 (1.1%) over last year's levy of \$4,558,218.

#### *Flood Control District*

- The District's NAV increased \$12,254,579 (6.4%), from \$191,000,605 to \$203,255,184.
- The District rate stayed the same at \$0.0953.
- The levy for the District increased \$11,678 (6%), from \$182,024 to \$193,702.
- The budget increased \$47,675 (11.7%), from \$408,959 to \$456,634 (actual expenditures for FY 2014 amounted to \$106,738).
- The beginning fund balance in FY 2014 was \$226,435. The FY 2015 beginning fund balance is up \$36,000 to \$262,332.

GRAHAM COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	2.3711	2.1794	-0.1917	2.1794	\$4,558,218	\$4,608,769	\$50,551	1%
Flood Control	0.0953	0.0953	0.0000		\$182,024	\$193,702	\$11,678	6%
<b>OVERALL RATE</b>	<b>2.4664</b>	<b>2.2747</b>	<b>-0.1917</b>		<b>\$4,740,242</b>	<b>\$4,802,471</b>	<b>\$62,229</b>	<b>1%</b>

### Other GF Revenues

- PILT increased \$141,708 (5.4%), from \$2,636,873 to \$2,778,581.
- State shared sales tax stayed the same at \$4,000,000.
- The half-cent sales tax revenues remain the same at \$2,000,000.
- Auto in Lieu is up \$59,717 (7.2%), from \$825,000 to \$884,717.
- The County continues to receive \$550,000 in state Lottery revenues.
- The County received an additional legislative appropriation of \$500,000 in FY 2015.

### Jail facilities:

- Juvenile facility: The juvenile facility holds 48 beds. The County budgeted \$750,000 for renting beds to other jurisdictions (\$500,000 from BOP and \$250,000 from USM). The County continues to charge Greenlee County \$250,000 for utilizing up to three beds. The budget for regional juvenile detention increased from \$1,461,125 to \$1,470,456.
- Adult facility: The current adult facility holds a maximum of approximately 200 beds. The County rents beds to the state at \$38/day and to cities at a rate of \$50/day. Budgeted revenue from renting beds in FY 2015 is \$67,000. The average occupancy was 82%.

- In situations of overcrowding, the County sends its female prisoners to Greenlee County at a cost of \$50/day, which is budgeted at \$30,000 in FY 2015.
- Budgeted medical costs in the jail facilities amounted to \$481,757 in FY 2014 and increased to \$531,117 in FY 2015 (\$20,000 for the purchase of new medical records software). The medical care is provided by an in-house nurse (four nurses on rotation).
- The Sheriff's budget (GF only) increased \$142,893 (2.4%), from \$6,044,573 to \$6,187,466.

### **Special Revenues**

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

- HURF revenue increased \$39,152 (1.3%), from \$2,950,000 to \$2,989,152.
- In FY 2015, forest fee revenues decreased \$10,568 (1.8%), from \$585,568 to \$575,000.
- The Road Fund budget increased \$210,622 (3.4%), from \$6,212,465 to \$6,423,087 (estimated actual expenditures for FY 2014 were \$3,344,001).

### **Charges to Special Districts**

- Flood Control District -The County charged the District \$74,588 in FY 2014 and \$78,977 in FY 2015.
- Road Fund - The County charged the Road Fund \$372,556 in FY 2014 and \$346,463 in FY 2015.

### **Expenditures**

- Employee compensation: In FY 2014, the County budgeted only for longevity raises at a total cost of \$53,000 (\$38,000 to the GF/\$15,000 to OF). Longevity raises of 4% are awarded to employees at one-year of employment, two years, five years, and every third year beyond that point. In FY 2015, longevity raises amounted to a total impact of \$78,000 (\$46,000 to the GF/\$32,000 to OF). In addition, the County awarded employees with a 4% average market adjustment at a total cost of \$483,000 (\$300,000 to the GF/\$183,000 to OF).
- Budgeted payroll: In FY 2015, the GF budgeted payroll, including EREs, increased from \$11,220,582 to \$11,221,316. Total payroll decreased from \$15,460,195 to \$15,384,797.
- Health benefits: The County is part of the six-county insurance pool and charges employees with single coverage of \$100/month and employees with family coverage of \$300/month. The County pays approximately 90% for single coverage and 78% for family coverage. The County has implemented a health risk analysis and encourages employees to fill out the assessment or pay a \$10/pay period penalty for failure to do so. In FY 2015, health insurance costs increased approximately 2%, which was absorbed by the County (\$29,000 to the GF/\$12,000 to OF).
- Budgeted FTEs: The FY 2015 FTEs in the GF are budgeted at 187 and 260 total FTEs.
- Employee vacancy & turnover rates: The most recent calculation reflects that the employee vacancy rate is approximately 10% and the turnover rate is 23%, primarily in Detention.

### **Capital Projects/Debt**

The capital projects budget remained the same in FY 2015 at just \$75,000.

According to the Department of Revenue FY 2014 Report of Bonded Indebtedness, the County held \$1,095,769 in lease-purchase debt.

### **Jail District Measure - November 2014 Ballot**

Voters narrowly approved the creation of a Jail District in Graham County at the November 2014 ballot. As a result, the County will levy a half-cent sales tax effective July 1, 2015 for 25 years. The sales tax is expected to generate \$2 million each year. County officials claim the creation of the District was necessary because existing facilities are dilapidated and are not sufficient to hold the current and anticipated inmate population (The current facility houses up to 125 inmates with the ability to hold up to 200 beds). The plan is to build a 250-bed jail with the ability to expand. The County expects the facility to cost approximately \$25 million and would take up to four years to complete.

## GREENLEE COUNTY

### Overview

- Greenlee’s GF budget for FY 2015 is \$11,562,861, representing an increase of \$943,020 (8.9%).
- The County GF budget reflects a cash balance of \$3,532,504; however, the budgeted cash balance is understated by nearly \$3 million. It is estimated that the actual cash balance is approximately \$7.5 million (the County’s FY 2013 financial audit showed the County held \$9.4 million in its GF balance but the County budget only reflected \$3.8 million at the time).
- The total budget (total financial resources) for FY 2015 is \$25,130,309, an increase of \$1,558,209 (6.6%) over the FY 2014 total budget of \$23,572,100. The FY 2015 budgeted expenditures are \$23,979,451.

### Property Values

- The primary NAV increased 36.6% to \$458,425,787. New construction amounted to \$658,083 (0.14% of total NAV). The Secondary NAV increased 37.6% to \$462,439,380.

### Property Tax Revenues

#### *Primary Levy*

- Greenlee County adopted a primary tax rate of \$0.5500, which is just below the County’s maximum tax rate of \$0.5559. This year’s rate exceeded the TNT rate of \$0.5390; therefore, the County was required to hold a TNT hearing and publish a notice of the tax increase.
- Although the County’s primary tax rate dropped to \$0.5500, the levy increased \$43,190 (2%) as a result of the 36.6% increase in the PNAV.

#### *Public Health Services District*

- In June 2006, the County BOS created the District by unanimous vote of the Board. The tax rate increased \$0.0219 this year, from \$0.2081 to \$0.2300 (the maximum tax rate allowed by statute is \$0.2500). As a result of the tax rate increase combined with the 37% growth in secondary value, the levy increased \$363,883 (52%) to \$1,063,611.
- The County uses the Public Health Services District 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 District budget increased \$85,244 (4.6%), from \$1,869,196 to \$1,954,440.
- The MOE payment for the District is \$356,000.

#### *Flood Control District*

- The District’s NAV increased \$2,932,654 (5.5%), from \$53,254,826 to \$56,187,480.
- The District’s tax rate increased \$0.0253, from \$0.1647 to \$0.1900. The levy increased \$19,076 (22%), from \$87,672 to \$106,748.
- The District budget is down \$17,000 (9.8%), from \$174,000 to \$157,000.

GREENLEE COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	0.7350	0.5500	-0.1850	0.5390	\$2,478,151	\$2,521,341	\$43,190	2%
Public Health Services	0.2081	0.2300	0.0219		\$699,728	\$1,063,611	\$363,883	52%
Flood Control	0.1647	0.1900	0.0253		\$87,672	\$106,748	\$19,076	22%
<b>OVERALL RATE</b>	<b>1.1078</b>	<b>0.9700</b>	<b>-0.1378</b>		<b>\$3,265,551</b>	<b>\$3,691,700</b>	<b>\$426,149</b>	<b>13%</b>

### Other GF Revenues

- Auto in Lieu remains the same at \$325,000.
- The half-cent sales tax revenue stayed the same at \$1,200,000 (actual FY 2014 revenues were \$2,397,110).
- State shared sales tax revenue dropped \$150,000 (3.3%), from \$4,500,000 to \$4,350,000 (FY 2014 actual revenues were \$4,898,988. DOR estimates the County should receive \$5,778,000 in state shared revenues in FY 2015).



- PILT is down \$238,501 (30%), from \$783,176 to \$544,675 (FY 2014 actual revenues were \$844,890).
- The County budgeted to receive \$574,500 from the state for out-of-county tuition, which is up \$191,700 (50%) from last year.
- The County continues to receive \$550,000 in Lottery revenues from the state.

### **Special Revenue Funds**

- Road fund revenue increased \$130,000 (14.8%), from \$880,000 to \$1,010,000. The budget increased \$330,000 (16.7%), from \$1,980,000 to \$2,310,000.
- National forest fee revenues stayed the same at \$600,000. The County distributes \$300,000 to both the schools and the Road Fund.

### **Charges to Special Districts**

The County does not charge its special districts for reimbursement of services.

### **Expenditures**

- In FY 2014, the County provided all employees with a 3.5% increase (increased pay scale by 1%, plus shifted all employees up one grade), effective September 1, 2013. Deputy Sheriff's received an additional 1.5% increase, effective July 1, 2013, at a total estimated annualized cost of \$330,000 (\$220,000 to the GF). In FY 2015, the County awarded employees with a 3% increase, effective September 1. The total estimated annualized cost, including EREs, is \$280,000 (\$180,000 to the GF).
- **Budgeted payroll:** In FY 2014, GF budgeted payroll, including employee related expenses (EREs), increased from \$5,772,347 to \$6,106,476. Total payroll increased from \$8,863,964 to \$9,380,466. In FY 2015, the GF budgeted payroll increased \$655,408 (10.7%) to \$6,761,884. Total budgeted payroll increased \$680,294 (7.3%) to \$10,060,750.
- **Health benefits:** In FY 2014, health premium costs increased 3% in FY 2014 and the County planned to share the cost with employees. The County currently covers 94% for employee coverage and 82% for dependents. In FY 2015, health premiums costs increased 2%, which will be entirely absorbed by the County at a total estimated cost of \$107,142 (\$96,428 to the GF).
- **Budgeted FTEs:** In FY 2014, the budgeted FTEs in the GF dropped from 101 to 92 and total FTEs decreased from 165 to 160. In FY 2015, GF FTEs increased back up to 101 and total fund FTEs increased to 168.
- **Employee vacancy & turnover rates:** The current employee vacancy rate is 2.5% and the turnover rate is 18%.
- **Jail facilities:** The County uses Gila Health Resources to control its inmate costs, which amounted to \$87,410 in FY 2013. 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 adult facility and the facility is close to full capacity. 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 three beds.
- In FY 2015, the Sheriff's budgeted expenditures increased \$481,458 (15.8%), from \$3,056,666 to \$3,538,124.

### **Debt**

The Department of Revenue's FY 2014 Report of Bonded Indebtedness shows that the County held \$2,286,459 in lease-purchase debt (the debt is for vehicles and equipment in the Road Department). The budgeted debt service payment in FY 2015 is \$700,000.

### **Capital Projects**

The capital projects budget increased \$1,900,000 (127%), from \$1,500,000 to \$3,400,000.

The County budgeted for several projects, which include the following:

- New Duncan Annex building: total estimated cost of \$1,900,000 (scheduled completion TBD).

- Greenlee County Airport: \$335,000 to construct airport drainage/erosion control improvements (5-year project).
- Public Works: \$259,000 (2-year project).
- Correctional Facility: The current correctional facility has been in use for 35 years and is in need of numerous repairs. A firm has provided the County with three options: 1) basic renovation (\$1,056,000); 2) Fully renovate, replace deficient systems and building elements with new technology (\$3,950,000); and 3) Replace facility (\$5.5 million). Funding sources are currently being reviewed.

## LA PAZ COUNTY

### Overview

- La Paz's GF budget for FY 2015 is \$16,838,277, an increase of \$519,752 (3.2%) from the FY 2014 GF budget of \$16,318,525.
- The County's FY 2015 GF beginning balance is \$1,868,393.
- The FY 2015 total financial resources are \$32,040,614, a decrease of \$996,036 (3%) from last year's total budget of \$33,036,650. Of the total financial resources, the County had budgeted \$31,415,184 in total expenditures.

### Property Values

- The primary NAV decreased 5.1% to \$205,814,389. New construction amounted to \$4,744,214 (2.31% of total NAV). The secondary NAV dropped 6.2% to \$210,720,562.

### Property Tax Revenues

#### *Primary Levy*

- La Paz County's primary tax rate increased \$0.3255, from \$1.9608 to \$2.2863, which is the County's maximum tax rate. Since the County's adopted tax rate exceeded the TNT rate of \$2.1145, the County was required to publish a notice and hold a public hearing regarding the tax increase.
- La Paz County's primary property tax levy is \$4,705,534, which is \$453,826 (10.7%) more than last year and is the maximum allowable constitutional levy.

LA PAZ COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	1.9608	2.2863	0.3255	2.1145	\$4,251,708	\$4,705,534	\$453,826	11%

### Other GF Revenues

- Auto in Lieu remains stable at \$572,581. In FY 2015, the County began accounting for the Auto in Lieu revenues that were previously listed under the Road Fund under the GF. The amount budgeted in FY 2015 increased \$26,128 (6%) to \$456,987.
- State shared sales tax revenue dropped \$148,000 (6.2%), from \$2,400,000 to \$2,252,000.
- Half-cent sales tax revenues increased \$258,884 (22.4%), from \$1,153,689 to \$1,412,573.
- PILT is up \$128,209 (7.1%) to \$1,928,209.
- The County receives \$550,000 in Lottery revenue from the state.
- Sanitation charges increased \$1,320,000 (165%), from \$800,000 to \$2,120,000.
- Indirect cost revenues are budgeted at \$500,000 in FY 2015.
- Other miscellaneous revenues remain the same at \$100,000.

### Special Revenues

#### *Road Fund*

- HURF revenue increased \$163,547 (4.7%), from \$3,480,632 to \$3,644,179.
- The Public Works budget is down \$416,005 (10.7%), from \$3,885,750 to \$3,469,745.

#### *Enterprise Fund*

- The revenues from the La Paz County Golf Course increased \$101,777 (6.4%), from \$1,583,183 to \$1,684,940. The budget changed by the same amount.

#### *Jail District*

- The County levies a 1/2-cent sales tax to support its Jail District. Total revenues budgeted in the Jail District increased \$138,700 (4.3%), from \$3,200,000 to \$3,338,700. The Jail District includes \$1,350,000 in intergovernmental revenues from the housing of Federal and Coconino County inmates. The County rents beds to the US Marshals and ICE at a rate of \$60/day (up from the previous \$44/day charge) and currently

house approximately 50 federal inmates on average. Beds are also rented to Lake Havasu, Kingman, and Mohave County at \$65/day and to the Colorado River Indian Tribes and private entities at \$65/day. The Jail District ½-cent excise tax is up \$138,200 (12.2%), from \$1,130,000 to \$1,268,200.

- The District operations budget increased \$155,392 (5%), from \$3,134,608 to \$3,290,000. The personnel costs in the District, including EREs, were budgeted at \$2,092,525 in FY 2014. In FY 2015, total personnel costs in the Jail District increased to \$2,209,989. There are currently 38 FTEs funded by the District.
- The County's MOE payment stayed the same in FY 2015 at \$720,000.
- The adult facility holds 266 beds the average daily bed occupancy remains at approximately 135.
- The County does not currently have a juvenile facility, and instead, transfers its juveniles to Yuma County. Yuma County charges La Paz \$80/day, which was budgeted at \$50,000 in FY 2014.
- In FY 2015, the budget includes a lease purchase payment of \$42,000.

### **Yakima Judgment/Bonds**

With the passage of SB1178 in the 2011 legislative session, the County was authorized to 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 charges for the bond issuance. The half-cent sales tax took effect on December 1, 2011. The tax is estimated to be in effect for twenty years.

- In FY 2015, the revenue generated from the sales tax for the judgment is down slightly to \$2,179,576.
- The debt service payment for the bonds in FY 2015 is \$1,500,000.

### **Expenditures**

- **Employee compensation:** The County did not award pay raises in FY 2014. In FY 2015, the County awarded employees with a 3% COLA. The total impact amounted to approximately \$500,000 (\$250,000 impact to the GF).
- **Budgeted payroll:** The GF budgeted employee compensation in FY 2014 was \$8,468,211 and budgeted employee compensation in TF was \$14,291,688. In FY 2015, budgeted compensation in the GF increased to \$8,827,465 and to \$17,298,288 in TF (Includes \$2,209,989 budgeted employee compensation in the Jail District).
- **Health benefits:** The County covers 100% of health benefit costs for employees and 50% for dependents.
- **Budgeted FTEs:** In FY 2014, the GF budgeted FTEs were 131 and TF FTEs were 278 (Includes an estimated 38 FTEs in the Jail District). In FY 2015, FTEs in the GF are budgeted at 130 and FTEs in TF are up to 289 (Includes 38 FTEs budgeted in the Jail District).
- **Employee vacancy & turnover rates:** The most recent data supplied by the County showed that the employee vacancy rate was 3.48% and the employee turnover rate was 13.2%.

### **Debt**

According to the Department of Revenues FY 2014 Report of Bonded Indebtedness, the County held \$18,760,000 in revenue bonds for the Yakima judgment. In addition, the County issued \$2.022 million in COPs in 2007, financed over ten years, for the jail expansion. This debt was recently refinanced and the current outstanding debt is \$1,585,000.

In addition, the Jail District held \$1,585,000 in outstanding lease-purchase debt. The County held \$93,699 in lease-purchase debt at the end of FY 2014.

## MARICOPA COUNTY

### Overview

- The GF budget increased \$73,120,683 (7.8%), from \$942,780,433 to \$1,015,901,116.
- The GF balance decreased \$116,354,517 (51%), from \$230,066,825 to \$113,712,308. The fund balance represents 11.2% of the GF budget.
- The County reports its total financial resources available at \$3,060,728,490, which is down \$4,665,038 (0.2%) from last year. Of the total financial resources, the County only budgeted to spend \$2,309,530,514 in FY 2015 (75.7% of its total budgeted financial resources).

### Property Values

- The County's primary NAV rose 4.8% to \$33,519,795,354. New construction amounted to \$701,381,830 (2.09% of total NAV). Secondary NAV increased 8.8% to \$35,079,646,593.

### Property Tax Revenues

#### *Primary Levy*

- The primary tax rate for Maricopa County increased \$0.0402, from \$1.2807 to \$1.3209, which exceeded the \$1.2486 TNT rate by \$0.0723. As a result, the County was required to publish notice and hold a public hearing regarding the tax increase.
- The primary levy increased \$32,987,580 (8.1%), from \$409,775,397 to \$442,762,977.

#### *Library District*

- The Library District's levy for FY 2015 is up \$5,387,979 (38.2%), from \$14,116,305 to \$19,504,284. The secondary tax rate increased \$0.0118, from \$0.0438 to \$0.0556.
- The Library District budget decreased \$298,522 (1.2%), from \$25,525,017 to \$25,226,495.
- In FY 2014, the County's Library District beginning fund balance was \$15,224,924. In FY 2015, the fund balance is \$13,118,288.

#### *Flood Control District*

- The District's NAV increased \$2,742,347,280 (9.6%), from \$28,622,833,869 to \$31,365,181,149.
- The FY 2015 levy is \$43,660,332, a \$3,817,347 (9.6%) increase above last year's levy. The tax rate remained the same at \$0.1392.
- In the FY 2014 budget, the District began the year with a fund balance of \$52,843,453. The district began FY 2015 with a \$51,986,081 fund balance.
- The budget increased slightly, from \$72,009,409 to \$72,495,393. The FY 2015 District budget includes \$40 million in capital projects, same as last year.

#### *Stadium District*

- Total revenue in the district increased from \$10,334,868 to \$10,458,111. Sales tax revenues remain the same at \$4,997,042. License & permit revenues increased from \$3,384,928 to \$3,422,385. Other charges are up from \$1,144,722 to \$1,254,260.
- The FY 2015 Stadium District budget is \$8,689,186, down \$2,642,512 (23.3%) below last year's budget. Included in the budget is \$2,985,808 for District operations, \$3,700,378 for debt service, and \$2,003,000 in reserves for long-term projects.
- In FY 2014, the District began the year with \$27,316,604. The beginning fund balance in FY 2015 is \$22,803,193.

MARICOPA COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	1.2807	1.3209	0.0402	1.2486	\$409,775,397	\$442,762,977	\$32,987,580	8%
Library	0.0438	0.0556	0.0118		\$14,116,305	\$19,504,284	\$5,387,979	38%
Flood Control	0.1392	0.1392	0.0000		\$39,842,985	\$43,660,332	\$3,817,347	10%
<b>OVERALL RATE</b>	<b>1.4637</b>	<b>1.5157</b>	<b>0.0520</b>		<b>\$463,734,687</b>	<b>\$505,927,593</b>	<b>\$42,192,906</b>	<b>9%</b>

## **Other GF Revenues**

- State shared sales taxes increased \$27,897,879 (6.4%), from \$437,402,846 to \$465,300,725.
- State shared vehicle license tax increased \$13,109,877 (10.9%), from \$119,748,223 to \$132,858,100.
- PILT is up \$368,401 (3.1%), from \$11,972,067 to \$12,340,468.

## **Special Revenues**

### **Jail Sales Tax**

- Jail Sales tax revenue increased \$10,189,460 (7.8%), from \$131,106,321 in FY 2014 to \$141,295,781 in FY 2015. The MOE payment in FY 2015 is \$176,801,288.
- The County charges cities & towns a booking fee of \$266.41 and per diem of \$81.85 for housing inmates in the County jail facilities. The FY 2015 booking and per diem revenues were budgeted at \$31,016,456.
- In FY 2015, the total budget for the Sheriff's office increased \$42,342,487 (14.2%), from \$298,336,365 to \$340,678,852.

## **Jail facilities**

In October 2013, the U.S. District Court for Arizona issued a Judgment Order in the Melendres v. Arpaio case. The Judgment Order stated requirements which MCSO must follow in order to comply with the court ruling. In April 2014, the Judgment Order was amended to make the Court Monitor responsible for Community Outreach rather than MCSO. The total implementation costs budgeted for the judgment amounted to \$7,687,376 in FY 2014. The FY 2015 MCSO GF budget includes \$8,310,737 for operating costs and \$4,200,000 for non-recurring costs for the purchase of vehicle mounted cameras. Non-Departmental budget includes \$2,825,000 in operating costs for the Court Appointed Monitor and other judgment related charges. The budget for the MCSO operating costs and the monitor are \$11 million for the year.

Additional funding was provided for General and Detention Non-Recurring costs: Airplane (\$850,000);

Helicopter (\$5,000,000); Camera Security System (\$247,978); Records Management System (\$675,000);

- **Adult facilities:** The adult facilities hold up to 11,509 beds (includes triple-bunking, portable beds, and beds in "tent city"). According to the recently completed Jail Master Plan, functional capacity is 7,398. Average occupancy is approximately 8,100 inmates. Maricopa County does not rent beds to other jurisdictions.
- **Juvenile facilities:** The juvenile facilities hold up to 406 beds; however, the current staffing levels assume 187 beds. The most recently calculated average daily population is 169 as of October 2014.
- In FY 2015, the budget for correctional health services increased from \$58,281,681 to \$61,409,512.

### ***Highway & Transportation Revenue***

- Revenue in the Road Fund in FY 2015 is up \$11,212,552 (11.8%), from \$94,767,838 to \$105,980,390.
- In FY 2015, the Transportation Operations budget is up from \$140,961,689 to \$145,000,754. Included in this year's budget is \$61,737,434 for operations and \$82,578,500 for capital projects.

## **Elderly Assistance Fund (EAF)**

- The EAF is unique to only Maricopa County in which the revenues are derived from the 16% interest paid for the redemption on property tax liens. The revenues in the Fund are applied by the County Treasurer to property that qualifies under the Senior Valuation Freeze to offset school primary property taxes.
- The fund balance in the EAF as of 5/31/14 was \$16,268,808.
- In FY 2013, assistance from the fund was applied to 10,659 parcels and 10,088 in FY 2014. The FY 2014 distributions totaled over \$2.3 million.

## **Charges to Special Districts**

The County charges the following amounts for the reimbursement of indirect costs to the GF:

- Library District - In FY 2014, the County transferred \$1,085,301 from the Library District to the GF and \$1,149,371 in FY 2015.
- Flood Control District - In FY 2014, the County charged the District \$1,592,089, which increased to \$1,730,641 in FY 2015.
- Stadium District - The County charged the Stadium District \$49,326 in FY 2014 and \$36,293 in FY 2015.
- Transportation Fund - Charges to the Transportation Fund in FY 2014 amounted to \$2,395,364, which increased to 2,788,047 in FY 2015.

## **Expenditures**

- Employee compensation:
  - In FY 2014, the County budgeted for an employee pay-for-performance (PFP) compensation plan, which was funded at approximately 5% on average (effective 7/8/13). The County also reviewed various positions for market equity and adjusted salaries accordingly (areas that have a lot of overtime, such as the attorney's office, IT, healthcare providers, etc.). The total impact of the County compensation plan was estimated at \$67 million (\$40 million to the GF/\$19 million to the Detention Fund/\$7.7 million to OF).
  - In FY 2015, the County budgeted for an average 2.5% salary increase for employees at a total cost of \$20,650,600 (\$10,841,809 to the GF/\$4,908,790 to the Detention Fund/\$4.9 million to OF). In addition, the County authorized market adjustments for select positions: MCSO deputies and sergeants (\$2.5 million to the GF and DT); probation officers and supervisors (\$2.2 million GF/\$964,000 DT); mental health professionals (\$35,000 GF/\$160,000 DT); and epidemiologists (\$41,000 GF). Also, the County budgeted \$1 million for continuation of its Education Assistance Program.
- Budgeted payroll: In FY 2014, GF budgeted payroll, including EREs, was \$477,099,455 and TF payroll was \$980,349,684. In FY 2015, the GF budgeted payroll increased to \$519,517,084 and TF budgeted payroll increased to \$1,064,973,183.
- Health benefits: Maricopa County is self-insured for employee health benefits and charges each department a composite rate for each employee (\$8,904/year).
- Budgeted FTEs: In FY 2014, budgeted FTEs in the GF were 7,339 and total budgeted FTEs were 14,423. In FY 2015, FTEs in the GF increased to 7,620 and TF FTEs increased to 14,812.
- Employee vacancy & turnover rates: The budgeted employee vacancy rate is approximately 5%. The voluntary turnover rate was projected at 8.4% in FY 2014.

## **Capital Projects**

Maricopa County's Capital Improvement Program (CIP) is a modified "pay as you go" policy in which the County funds its projects with a combination of cash reserves and lease revenue bonds.

In the FY 2015 budget, the County is planning to spend \$279 million on the following capital projects:

Transportation (\$82,578,500): Bridge construction/preservation (\$525,000); County arterials (\$14,840,000); Dust mitigation (\$3,160,000); Intelligent Trans. Syst. ITS (\$2,175,000); MAG ALCP projects (\$23,400,000); Partnership support (\$1,577,500); Pavement const/preservation (\$15,912,000); Right-of-way (\$180,000); Safety projects (\$3,155,000); Traffic improvements (\$5,047,000); Transportation administration (\$10,877,000); Transportation planning (\$1,730,000).

Intergovernmental (\$127,500): Maricopa Regional Trail System Vulture Mountain Study.

GF (\$38,945,102): Chambers building (\$1,373,091); Court tower (\$1,247,290); East court improvements (\$8,513,546); Maricopa Regional Trail System (\$582,886); Security building (\$2,065,187); Sheriff HQ project

(\$1,000,000); Southwest Justice Courts (\$23,413,814); SWAT covered parking (\$706,537); Vulture Mountain (\$42,751).

Detention (\$5,796,583): 4<sup>th</sup> Avenue Jail (\$2,565,291); Lower Buckeye Jail (\$3,231,292).

Technology (\$145,754,406): BIX Room Byte Info Exchange (\$4,299,455); Computer Aided Mass Appraisal (\$4,795,000); County telephone system (\$6,473,633); Enterprise data center (\$18,738,694); Enterprise Resource Planning System (\$16,060,899); Infrastructure refresh phase 1 (\$5,000,000); Infrastructure refresh phase 2 (\$37,604,275); Internal service delivery system (\$350,000); Maximo maintenance management upgrade (\$750,000); Public Safety radio system (\$40,382,450); Sheriff HQ project IT infra. (\$1,500,000); Treasurer Tech System upgrade (\$572,448); and Project Reserves (\$9,227,552).

Detention Tech. (\$40,330,136): CHS electronic health records (\$2,450,331); Jail MGMT Info. System (\$1,795,563); Jail Security System Upgrade (\$11,084,242); Project reserve (\$25,000,000).

### **Debt**

At the end of FY 2014, the County held \$97,135,000 in revenue bonds, according to the Arizona Department of Revenue's Report of Bonded Indebtedness. The FY 2015 debt service payment is budgeted at \$16.8 million.

On August 1, 2012, the Maricopa County Stadium District issued Revenue refunding bonds in the amount of \$25,140,000, in which the net proceeds, along with \$6,277,014 of Stadium District funds, were used to advance the Revenue refunding bonds series 2002, which mature on June 1, 2019. At the end of FY 2014, the Stadium District had \$19,260,000 in total outstanding debt. The FY 2015 budgeted debt service payment is \$3.7 million.



## MOHAVE COUNTY

### Overview

- Mohave County's GF budget increased \$4,627,051 (6.1%), from \$76,154,008 to \$80,781,059.
- The County shows that the GF beginning balance increased \$5,834,287 (314%), from \$1,860,717 to \$7,695,004; however, County officials claim that they actually have \$13 million in their beginning fund balance. As in past years, the County continues to ignore the statutory requirement that they show all of their cash.
- The total budget for Mohave County is \$252,282,568, which is a decrease of \$732,508 (0.3%) below last year's total budget of \$253,015,076.

### Property Values

- The primary NAV decreased 2.5% to \$1,727,793,369. New construction amounted to \$23,178,631 (1.34% of total NAV). The secondary NAV dropped 2.9% to \$1,757,074,571.

### Property Tax Revenues

#### *Primary Levy*

- The County maintained its primary tax rate of \$1.8196, which is below its TNT rate of \$1.8909.
- By keeping the tax rate the same, the County's primary levy dropped \$792,955 (2.5%), from \$32,231,883 to \$31,438,928 as a result of the reduction in property values.

#### *Flood Control District*

- The District's NAV decreased \$45,384,733 (2.6%), from \$1,751,482,173 to \$1,706,097,440.
- The County continues to levy a tax rate of \$0.5000, the same rate that the County has levied since 1998, which is also the maximum tax rate allowable by statute.
- In FY 2015, the District levy decreased \$226,924 (2.6%), from \$8,757,411 to \$8,530,487.
- The budget decreased \$11,250,089 (48.2%), from \$23,356,666 to \$13,585,755 (Actual FY 2014 expenditures were \$13,549,200). The fund balance at the beginning of FY 2015 was \$4.6 million.

#### *Library District*

- The Library District tax rate stayed the same at \$0.3236, which will generate \$170,194 (2.9%) less in revenue this year, from \$5,856,087 to \$5,685,893.
- The budget decreased \$2,497,284 (22%), from \$11,324,455 to \$8,827,171 (Actual FY 2014 expenditures were \$5,477,301).
- The FY 2015 fund balance was \$5.9 million.

#### *Television District*

- Mohave County's TV District was originally created to provide and maintain communication equipment resources for residents. For the first time since 1998, the BOS reduced the tax rate levied for the TV District, from \$0.0867 to \$0.0700. As a result, the levy decreased \$339,031 (21.6%), from \$1,568,983 to \$1,229,952.
- The District's budget increased \$1,063,542 (29.2%), from \$3,639,450 to \$4,702,992 (Actual FY 2014 expenditures were only \$600,723). The amount budgeted for the District is nearly eight times more than the actual amount necessary to fund the District.
- The FY 2015 beginning fund balance in the TV District was \$3 million.

MOHAVE COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	1.8196	1.8196	0.0000	1.8909	\$32,231,883	\$31,438,928	-\$792,955	-2%
Flood Control	0.5000	0.5000	0.0000		\$8,757,411	\$8,530,487	-\$226,924	-3%
Library	0.3236	0.3236	0.0000		\$5,856,087	\$5,685,893	-\$170,194	-3%
T.V.	0.0867	0.0700	-0.0167		\$1,568,983	\$1,229,952	-\$339,031	-22%
<b>OVERALL RATE</b>	<b>2.7299</b>	<b>2.7132</b>	<b>-0.0167</b>		<b>\$48,414,364</b>	<b>\$46,885,260</b>	<b>-\$1,529,104</b>	<b>-3%</b>

## **Other GF Revenues**

- State shared sales tax is up \$219,000 (1.1%), from \$20,300,000 to \$20,519,000.
- Auto in Lieu increased \$154,105 (2.5%), from \$6,054,795 to \$6,208,900.
- PILT is up \$267,598 (8.5%), from \$3,145,032 to \$3,412,630.
- The County levies a ¼ -cent sales tax that is used to fund capital projects. In FY 2015, the revenues increased \$619,100 (10.6%), from \$5,819,100 to \$6,438,200.
- The County received \$550,000 in lottery revenues in FY 2015 from the state.

## **Special Revenues**

### ***Road Fund***

- Revenues in the Road Fund increased \$644,447 (5.1%), from \$12,650,537 to \$13,294,984.
- In FY 2015, the HURF budget increased \$1,446,244 (7.7%), from \$18,699,893 to \$20,146,137. Actual expenditures in FY 2014 were \$12,810,332 (69% of the amount budgeted).
- The FY 2015 beginning fund balance in the Road Fund was \$14.4 million.

## **Charges to Special Districts**

- In FY 2014, the County transferred \$1,177,878 from the special taxing districts to the GF for indirect costs and \$1,101,786 in FY 2015, broken down as follows:
  - Flood Control District - FY 2014 = \$392,626; FY 2015 = \$367,262
  - Library District - FY 2014 = \$392,626; FY 2015 = \$367,262
  - TV District - FY 2014 = \$392,626; FY 2015 = \$367,262

## **Expenditures**

- Employee compensation: In FY 2014, the County awarded employees with a 2.5% COLA. The total estimated cost of the COLA was \$1.7 million (\$1 million to the GF). In addition, certain positions in the County were reclassified. Employee pay raises were effective July 1, 2013. In FY 2015, the BOS approved the following salary increases on condition that GF revenues exceed the budget through the first five months of the fiscal year, with an effective date of January 1, 2015: Sheriff's Dispatchers' reclassification (\$59,000); Public Defender new office clerk and attorney (\$33,000); Legal Defender new secretary (\$42,000); Probation Department Lead PO reclassification (\$16,600); Procurement Department reclassification (\$13,800); and reclassification of a Legal Advocate (\$15,700).
- Budgeted payroll: The FY 2014 budgeted payroll, including EREs, in the GF was \$46,192,354. The budgeted payroll for TF amounted to \$80,108,507. In FY 2015, the GF budgeted payroll is \$46,427,746. The TF budgeted payroll dropped slightly to \$79,510,772.
- Budgeted FTEs: In FY 2014, the County budgeted for 711 FTEs in the GF and 1,272 in TF. In FY 2015, the GF FTEs increased to 717 and TF FTEs increased to 1,275.
- Jail facilities: 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. The FY 2015 budget for the jail amounted to \$11,921,669, which includes 150 FTEs.

## **Capital Projects**

The budget for capital projects in FY 2015 increased from \$4,174,593 to \$5,239,855.

## **Debt**

Based on the Arizona Department of Revenue FY 2014 Report of Bonded Indebtedness, Mohave County held \$25,390,000 in outstanding revenue bonds, which was used to construct the jail facilities. The County recently paid the \$9 million previously held in COPs that funded construction of the County administration building.

## NAVAJO COUNTY

### Overview

- Navajo County's GF budget in FY 2015 increased \$2,559,744 (6.4%), from \$39,984,750 to \$42,544,494.
- The GF beginning balance in FY 2015 is up \$300,000 (7.5%), from \$4 million to \$4.3 million. The fund balance represents 10% of the total GF.
- The County's total budget is up \$2,258,988 (1.9%), from \$118,533,913 to \$120,792,901.

### Property Values

- The primary NAV in Navajo County dropped 6.5% to \$845,018,236. New construction amounted to \$9,347,135 (1.11% of total NAV). Secondary NAV dropped 6.5% to \$846,247,083.

### Property Tax Revenues

#### *Primary Levy*

- The County adopted the maximum tax rate of \$0.8185, which is \$0.1190 more than last year's tax rate and \$0.0624 above the TNT rate of \$0.7561. As a result, the County was required to hold a TNT hearing and publish a notice of the tax increase.
- The County levied the maximum tax of \$6,916,474, which resulted in \$597,921 (9.5%) in additional revenue for the County.

#### *Flood Control District*

- The District's NAV decreased \$57,196,933 (9%), from \$638,564,841 to \$581,367,908.
- The tax rate remained the same at \$0.3000 in FY 2015 and generated a levy of \$1,744,104, \$171,591 (9%) less than last year.
- The budget decreased \$250,982 (3.1%), from \$7,975,948 to \$7,724,966.
- The District began FY 2015 with a \$7 million fund balance. The County is building up the District fund balance for the repair of the Winslow levee, which is currently in the design phase. The County anticipates the cost to repair is approximately \$60 million, in which 34% will be funded by the County and 66% by the Army Corps of Engineers. County officials do not expect construction to commence for another five to seven years.

#### *Library District*

- The County increased the Library District tax rate nearly 3 cents to \$0.1000. The levy of \$846,247 represents an increase of \$209,792 (33%) over last year's levy.
- The Library District budget increased \$227,545 (38%), from \$598,644 to \$826,189 (includes \$23,000 in state grants and \$60,000 from First Things First Early Childhood Literacy).
- The District began FY 2015 with a zero fund balance.

#### *Public Health Services District*

- The BOS established the District by unanimous vote of the Board in 2002. In FY 2015, the tax rate increased nearly 3 cents, from \$0.2151 to \$0.2430 (the statutory rate cap is 25 cents). The levy increased \$110,746 (5.7%), from \$1,945,634 to \$2,056,380. The MOE payment is \$211,175.
- The budget (operations only) increased slightly from \$1,529,701 to \$1,534,083.
- The District began FY 2014 with a \$600,000 fund balance. In FY 2015, the beginning fund balance is \$350,000.

NAVAJO COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	0.6995	0.8185	0.1190	0.7561	\$6,318,553	\$6,916,474	\$597,921	9%
Flood Control	0.3000	0.3000	0.0000		\$1,915,695	\$1,744,104	-\$171,591	-9%
Library	0.0704	0.1000	0.0296		\$636,455	\$846,247	\$209,792	33%
Public Health Services	0.2151	0.2430	0.0279		\$1,945,634	\$2,056,380	\$110,746	6%
<b>OVERALL RATE</b>	<b>1.2850</b>	<b>1.4615</b>	<b>0.1765</b>		<b>\$10,816,337</b>	<b>\$11,563,205</b>	<b>\$746,868</b>	<b>7%</b>

## **Other GF Revenues**

- Auto in Lieu increased \$35,295 (1.7%), from \$2,031,705 to \$2,067,000.
- State shared sales tax is up \$731,335 (7.1%), from \$10,314,665 to \$11,046,000.
- Half-cent sales tax increased \$604,161 (9.7%), from \$6,211,839 to \$6,816,000.
- In FY 2014, the County budgeted \$983,382 in PILT revenue; however PILT is not included in the FY 2015 budget (actual revenues in FY 2014 amounted to \$1,519,256).
- The County continues to receive \$550,000 in lottery revenues from the state (included in the “other governmental” budget).

## **Special Revenues**

### ***Road Fund***

- HURF revenue increased \$790,152 (11.6%), from \$6,782,564 to \$7,572,716.
- Auto in Lieu decreased \$24,697 (1.2%), from \$2,140,407 to \$2,115,710.
- The Public Works/HURF budget increased \$299,216 (1.8%), from \$16,760,175 to \$17,059,391.

## **Jail Facilities**

**Adult facilities:** The County adult jail facilities hold approximately 500 beds between the Holbrook and Show Low complexes and the average daily inmate population is 220. During FY 2014, the County expanded its facilities by adding space for a kitchen, laundry facilities, and medical examinations.

- **Budgeted Revenues:** In FY 2013, the County began charging municipalities for bed rentals at half of the federal rate for three years. In FY 2015, the County budgeted to receive \$547,000 in revenue as a result. The County recently lost its contract to house inmates with the U.S. Marshals. The County recently entered into a new five-year contract with BIA for up to \$2 million/year to house up to 100 inmates at \$55/inmate day. In FY 2015, the County anticipates receiving \$264,556 in revenue for housing BIA prisoners.
- The FY 2015 total budgeted expenditures for jail operations amount to \$6,272,376 (GF budget is \$4,088,334). Total medical costs in the jail facilities in FY 2014 were budgeted at approximately \$210,000 and increased to \$247,000 in FY 2015.

**Juvenile Detention:** The Juvenile Detention facility houses up to 40 beds and the average occupancy is 12. The County contracts with BIA for housing juvenile inmates at \$130/day. In FY 2015, the County budgeted to receive \$113,000 in revenues from BIA.

- The Juvenile Detention Fund budget is up \$23,033 (2%), from \$1,146,685 to \$1,169,718 (GF budget is \$1,139,081).

## **Charges to Special Districts**

- **Flood Control District** - In FY 2014, the County transferred \$214,528 from the District to the County GF for reimbursement of indirect services. In FY 2015, the County transferred \$326,567 to the GF.
- **Library District** - FY 2014, the County charged the District \$245,564. In FY 2015, the County transferred \$208,575 from the District to the GF.
- **Public Health Services District** - The County transferred \$1,041,767 from the District to the GF, of which \$461,467 was for reimbursement of indirect services and \$580,300 was to offset state cost shifts (AHCCCS). In FY 2015, the County will transfer \$408,222 for indirect services and \$580,300 for state cost shifts (AHCCCS).
- **HURF** - The County transferred \$726,763 from HURF to the County GF for reimbursement of indirect services. In FY 2015, the County charged \$769,705 to HURF for reimbursement of services.
- **State Budget Flex Language:** The County is planning to transfer an additional \$1.430 million from its special taxing districts at the end of FY 2015 if the PILT revenues are not realized. The transfers are planned as follows: Flood Control District (\$650,000); Public Health Services District (\$580,300); and Library (\$200,000).

## **Expenditures**

- **Employee compensation:** In FY 2014, the County gave employees a 2% salary adjustment, which was decided by the Board at its December 2013 meeting. The total impact was \$250,000. In FY 2015, the County awarded all employees with a 2% COLA at a total cost of \$454,173 (\$244,757 to the GF/\$209,416 to OF). An additional 2% one-time payment may be awarded at some point during FY 2015 if funds are available with the same total impact of \$454,173 (\$244,747 to GF/\$209,416 to OF). In addition, the County awarded market adjustments to 52 of its Sheriffs, with increases ranging from 10% to 15%. The total impact is \$316,053 (\$294,576 to GF/\$21,477 to OF).
- **Budgeted payroll:** The FY 2014 budgeted payroll in the GF, including EREs, decreased from \$23,775,588 to \$23,526,782. Total budgeted payroll dropped from \$40,951,915 to \$39,595,983. In FY 2015, the budgeted GF payroll increased \$1,929,523 (8.2%) to \$25,456,305. Total budgeted payroll increased \$2,363,616 (6%) to \$41,959,599.
- **Budgeted FTEs:** In FY 2014, budgeted FTEs in the GF increased from 346 to 376 (increase was the result of the GF absorbing Detention Officers due to the loss of the US Marshals contract). Total FTEs increased from 659 to 679. In FY 2015, GF FTEs increased 394 and total FTEs increased to 692.
- **Health benefits:** In FY 2014, the County's overall rates for health insurance were anticipated to increase by 6.5%; however, as a result of many employees converting to a high deductible health plan in lieu of their existing co-pay option, the cost to the County actually decreased by approximately \$100,000. Depending on the Health Plan option, the employer/employee percentage contribution split for employee coverage can range between 90/10 to 95/5 and employee/family coverage can range between 80/20 to 85/15. In FY 2015, health insurance premium costs increased 9.7%, which was distributed proportionately between the County and employees. The total impact amounted to \$236,825 (\$147,891 to GF/\$88,934 to OF.)
- **Employee vacancy & turnover rates:** In FY 2013, the County had an employee vacancy rate of approximately 10.6% and a turnover rate of approximately 20% for all funds.

## **Capital Projects**

In FY 2015, the County's capital projects budget decreased from \$10,060,926 to \$6,500,000 and includes the following: Jail construction (\$2 million); Regional Communications (\$1.25 million); Public Works Complex-Holbrook (\$3 million); and Health-Holbrook (\$250,000).

## **Debt**

According to the Department of Revenue's FY 2014 Report of Bonded Indebtedness, the County held \$17,150,000 in revenue bonds. In FY 2014, the County issued \$10,625,000 in new revenue bonds to refund \$4.8 million of its existing revenue bonds, \$1.2 million for Detention Facility improvements, and \$4.5 million for a new Public Works complex. As a result, the total revenue bond debt service payments decreased from \$7.5 million to \$3 million.

## PIMA COUNTY

### Overview

- Pima County's GF budget for FY 2015 is \$521,401,927, an increase of \$17,877,096 (3.6%) over last year's GF budget of \$503,524,831.
- The County's unreserved GF balance for the beginning of this fiscal year is \$32,474,480, \$11,582,133 (26.3%) less than last year's budgeted fund balance of \$44,056,613.
- Total financial resources available decreased \$71,489,998 (4.6%), from \$1,569,147,951 to \$1,497,657,953. Total budgeted expenditures decreased \$78,435,365 (6.2%), from \$1,266,899,617 to \$1,188,464,252. The large decrease in this year's total budget was mainly the result of the county excluding \$84 million in the Regional Wastewater Reclamation Capital Improvement Program from the total budgeted expenditures. The total budgeted expenditures represent 79% of the total budgeted financial resources.

### Property Values

- Pima County's primary NAV dropped 0.5% to \$7,518,481,988. New construction amounted to \$153,837,905 (2.05% of total NAV). The secondary NAV decreased 0.6% to \$7,579,898,868.

### Property Tax Revenues

#### *Primary Levy*

- The County increased its primary tax rate over 61 cents, from \$3.6665 to \$4.2779. This year's tax rate exceeded the TNT rate of \$3.7633 by \$0.5146. As a result, the primary tax rate is just \$0.6941 below the maximum tax rate of \$4.9720.
- The primary levy increased \$44,477,673 (16%), from \$277,155,468 to \$321,633,141.

#### *Debt Service*

- The County's debt service tax rate dropped \$0.0800, from \$0.7800 to \$0.7000. The levy decreased \$6,405,500 (10.8%), from \$59,464,792 to \$53,059,292.
- The debt service budget is down \$9,089,649 (7.3%), from \$124,043,471 to \$114,953,822.

#### *Flood Control District*

- The District's NAV dropped \$998,769, from \$6,768,456,641 to \$6,767,457,872.
- The levy is up \$2,591,862 (14%), from \$17,834,883 to \$20,539,235. The tax rate increased \$0.0400, from \$0.2635 to \$0.3035.
- The District's budget is up \$3,436,583 (27.5%), from \$12,484,183 to \$15,920,766 (excluding grants).
- The FY 2015 beginning fund balance was 7,390,056.

#### *Library District*

- The Pima County Library District tax rate is up \$0.0600, from \$0.3753 to \$0.4353. The levy increased \$4,259,836 (15%), from \$28,487,320 to \$32,747,156.
- The Library District budget is up \$2,202,853 (6.3%), from \$35,000,000 to \$37,202,853 (excluding grants). The County operates 27 branches, a Book Mobile, and main deposit locations at the Pima County Jail and the Juvenile Detention Center.
- The FY 2015 beginning fund balance was 4,526,990.

PIMA COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	3.6665	4.2779	0.6114	3.7633	\$277,155,468	\$321,633,141	\$44,477,673	16%
Bonds	0.7800	0.7000	-0.0800		\$59,464,792	\$53,059,292	-\$6,405,500	-11%
Flood Control	0.2635	0.3035	0.0400		\$17,947,373	\$20,539,235	\$2,591,862	14%
Library	0.3753	0.4353	0.0600		\$28,487,320	\$32,747,156	\$4,259,836	15%
<b>OVERALL RATE</b>	<b>5.0853</b>	<b>5.7167</b>	<b>0.6314</b>		<b>\$383,054,953</b>	<b>\$427,978,824</b>	<b>\$44,923,871</b>	<b>12%</b>

## **Stadium District**

- In FY 2015, the total budgeted revenue in the Stadium District is \$2,656,135. The revenue in the Stadium District is generated from car and recreational vehicle space rental surcharges of \$1,590,000, charges for services provided for special events of \$1,045,000 (mostly from soccer events), and \$21,135 from investment earnings.
- An additional \$5,531,284 is transferred in from the County GF to the District as follows: \$2,295,351 from the hotel/motel tax; \$1,058,002 for maintenance of baseball practice fields; and \$2,177,931 in additional GF support.
- The Stadium District budget increased from \$5,039,746 to \$5,253,097. There is a debt service payment of \$2,855,700 included in the FY 2015 budget, which is the annual debt service for the COPs issued to pay for the construction of the stadium facilities. The COPs will be paid off in December 2017.

## **Other GF Revenues**

- State shared sales tax revenues are budgeted to bring in \$106,640,000, \$7,340,000 (7.4%) more than last year.
- Auto in Lieu tax is up \$768,000 (3.3%), from \$23,332,000 to \$24,100,000.
- Transient lodging tax is up \$177,267 (3.2%), from \$5,493,600 to \$5,670,867.
- PILT is expected to generate \$2,035,000 in FY 2015.

## **Other Special Revenues**

### *Transportation*

- Intergovernmental revenue (HURF) is budgeted to generate \$49,323,707, \$89,867 more than last year.
- The transportation budget decreased \$1,095,454 (2.7%), from \$40,277,267 to \$39,181,813.

### *Sheriff*

- The County charges \$247.83 to jurisdictions for misdemeanor arrests for the first day and \$80.10/day for the remaining time served. Total revenue budgeted for correctional housing is \$7,626,700 in FY 2015. The adult facility can hold up to 2,377 beds and the estimated average occupancy is 88%.
- In FY 2015, budgeted expenditures in the Sheriff's office (GF and special revenue funds) increased \$1,633,497 (1.1%), from \$148,893,784 to \$150,527,281.

**Charges to Special Districts:** In FY 2015, the County moved personnel costs that had been directly charged to departments into County administrative overhead, which was offset by corresponding reductions in personnel costs.

- Library District – The County charged the District \$2,797,497 in FY 2014 for administrative overhead costs. In FY 2015, the County charged the district \$4,032,733.
- Flood Control District – The County charges the Flood Control District for administrative overhead and a \$1.60 per parcel fee for tax assessment and collections. In FY 2014, the County charged the District \$1,296,362. In FY 2015, the County charged the district \$1,612,597.
- Road Fund – In FY 2014, the charge to the Road Fund was \$1,800,296. In FY 2015, the County charged the district \$2,876,868.

## **Expenditures**

- Employee compensation:
  - In FY 2014, all employees received a 1% COLA effective 7/1/13 and an additional 2% effective 1/1/14 at a total cost of \$6,610,336 (\$4,505,480 to the GF/\$2,104,856 to OF). In addition, employees received a one-time lump sum compensation adjustment on July 19, 2013 based on length of time of service since the last compensation adjustment in FY 2008, which ranged from \$200 to \$1,000 per employee at an estimated total cost of \$5,317,800 (\$3,456,570 to the GF).

- In FY 2015, the County gave employees a \$0.50/hour increase. The impact to the GF was estimated at \$5,257,866 and \$7,793,546 to TF (these costs were absorbed within the existing departmental budgets).
- **Budgeted payroll:** In FY 2014, the GF budgeted payroll, including EREs, was \$295,845,411 and the amount budgeted for TF was \$444,134,424. In FY 2015, the budgeted payroll in the GF is up \$13,709,784 (4.6%) to \$309,555,195 and TF are up \$20,518,505 (4.6%) to \$464,652,929.
- **Health benefits:** The County is self-funded and anticipates costs to increase approximately 5% in FY 2015.
- **Budgeted FTEs:** In FY 2014, GF FTEs increased from 4,731 to 4,739 and FTEs in TF increased from 7,314 to 7,328. In FY 2015, GF FTEs increased to 4,755 and TF FTEs dropped to 7,255.

### **Capital Projects**

The total Capital Projects fund, which includes both bond and non-bond projects, is budgeted at \$145,815,785 in FY 2015. The projects are broken down as follows:

- Transportation (\$62,056,308): 49 projects.
- Facilities Management (\$33,915,787): 18 projects including \$30 million for the Downtown Court Complex project, \$690,000 for the Roy Place Building Facade Restoration Completion, and \$500,000 for the Legal Services Building Lighting Retrofit.
- Regional Flood Control (\$15,138,247): 12 projects, including \$4 million for the Santa Cruz River Flood Control Erosion Control & Linear Park, \$2.4 million for the CDO Pathway, \$2 million for the Urban Drainage project, \$2 million for the El Corazon de los Tres Rios Del Norte project, \$1.6 million for the TV Creek, and \$1 million for the Floodprone Land Acquisition Program.
- Open Space (\$10,404,623): \$7.5 million for the Painted Hills property acquisition, \$1.4 million for Town of Sahuarita priorities, \$1.3 million for Tucson Mountain Park, and \$100,000 for the Raytheon Buffer.
- Natural Resources, Parks and Recreation (\$8,767,599): 11 projects including \$4.1 million for the Northside Community Park, \$1.2 million for the Pantano Path, \$870,842 for the Southeast Community Park, \$723,926 for the Santa Cruz River Park, \$620,686 for the Catalina Community Park, and \$579,000 for the Pantano Infill.
- Information Technology (\$5,345,240): 8 projects, including \$2 million for Data Center Storage Growth and \$1.9 million for Public Works Permitting/Licensing Application.
- Sheriff (\$4,561,707): \$4.5 million for the Regional Public Safety Communications System.
- Community Development (\$2,621,164): 5 projects, which includes a major project of \$1.1 million for Housing Reinvestment 2004 Authorization.
- Finance (\$1,000,000): AMS v.3.10 upgrade.
- Office of Sustainability and Conservation (\$905,110): 7 projects total.
- Elections (\$750,000): Election System upgrades.
- Environmental Quality (\$350,000): Environmental Remediation/El Camino del Cerro Landfill.

**Sources of Funding:** Bond/COPs Proceeds (\$78,681,000); Intergovernmental Revenue (\$22,094,324); Operating Transfers (\$41,312,487); Charges for Services/Impact Fees (\$3,003,300); Investment & Miscellaneous Revenue (\$724,674).

- Additional CIP projects for Telecommunications, Fleet Services, and Regional Wastewater Reclamation: \$1.5 million for the VoIP Phone System; \$6.8 million for Fleet Services (\$5.2 million for the new Fleet Services Facility and \$1.3 million for the Mission Road Complex Fuel Island); \$84.3 million for 62 reclamation projects.

The County paid \$8.75 million for the purchase of land to expand the soccer complex at the Kino Sports Complex (down payment of \$1.75 million was paid from the GF and the remaining amount to be paid off over five years). Soccer fields will be constructed in a future fiscal year when funding becomes available. The cost to build the soccer fields are estimated to be between \$25 million and \$35 million. In addition, the County



purchased land in the Painted Hills area for \$7.5 million, \$3.5 million of which came from the 2004 Open Space program. The remaining amount required from both projects will be included as part of the County's bond question on the FY 2015 ballot. If voters fail to approve the ballot measure, the GF will provide the necessary funding for the Kino Sports Complex debt and the Starr Pass Environmental Enhancement Fund for Painted Hills debt.

### **Prop 415**

At the November 2014 election, voters approved \$22 million in general obligation bonds to build a new Animal Control Center.

### **Debt**

According to the Department of Revenue's FY 2014 Report of Bonded Indebtedness, Pima County held \$138,900,000 in COPs, \$407,275,000 in GO bonds, and \$778,750,019 in Revenue bonds. In addition, the Stadium District held \$10,375,000 in lease-purchase debt and the County held \$639,400 in lease-purchase debt.

GO Bond debt: The budgeted payment in FY 2015 is \$53,120,800.

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 2015 is \$18,881,569.

Certificates of Participation (COPs): The 2008 and 2009 COPs 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 COPs to fund the PimaCore project for the acquisition of a countywide resource management system. In FY 2013, the County issued \$54.5 million in COPs, in which \$30 million funded short-term cash flow requirements, \$18.5 million for the construction of Fleet services facility improvements, and \$6 million for the construction of Curtis Park. The total debt service payment in FY 2015 is \$40,075,738.

Additional Debt Service: The debt service for the Stadium District is \$2,855,700, \$2,134,085 for the Regional Wastewater Reclamation Enterprise Fund, and \$69,750,706 for Sewer Revenue Bonds.

In FY 2015, the Citizen's Bond Committee is reviewing possible projects for inclusion in a bond election that will not occur until 2014 or 2015.

## PINAL COUNTY

### Overview

- Pinal County's GF budget for FY 2015 is \$184,084,963. This is a decrease of \$9,566,238 (4.9%) below the FY 2014 budget of \$193,676,201. The decrease in the GF was mainly the result of a reduction in the County reserves ("designation for financial stability" line item) by \$14.6 million.
- The County shows an unreserved GF balance of \$40,392,961, which is \$8,734,325 (17.8%) less than last year. The fund balance represents 22% of the GF budget.
- The total budget increased \$4,355,538 (1.2%), from \$373,723,558 to \$378,079,096.

### Property Values

- Primary NAV increased 0.8% to \$2,005,151,766. New construction amounted to \$35,575,419 (1.77% of total NAV). Secondary NAV increased 1.8% to \$2,040,749,841.

### Property Tax Revenues

#### *Primary Levy*

- The primary tax rate remains the same at \$3.7999, which is \$0.0372 less than the TNT rate of \$3.8371.
- The primary property tax levy for FY 2015 is \$76,193,762, generating \$618,221 (0.8%) more revenue than last year's levy of \$75,575,541.

#### *Flood Control District*

- The District's NAV increased \$71,471,257 (4.3%), from \$1,669,430,618 to \$1,740,901,875.
- The levy increased \$121,501 (4.3%), from \$2,838,032 to \$2,959,533. The tax rate for the District remained the same at \$0.1700.
- The budget is down \$1,414,927 (9.1%), from \$15,465,579 to \$14,050,652.
- In FY 2014, the fund balance in the district was \$13.3 million. The FY 2015 beginning fund balance is \$10,958,065.

#### *Library District*

- The Library District levy is \$34,344 (1.8%) higher than last year at \$1,979,527. The rate remained the same this year at \$0.0970.
- The total Library District budget decreased \$562,784 (24%), from \$2,345,879 to \$1,783,095.
- The FY 2014 fund balance in the Library District was approximately \$1.8 million. The FY 2015 fund balance is approximately \$500,000.

#### *Public Health Services District*

- The County BOS created the District 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 District budget increased \$223,356 (9%), from \$2,492,130 to \$2,715,486.
- The budget is up \$623,366 (10.2%), from \$6,135,086 to \$6,758,452.
- In FY 2014, the fund balance was approximately \$2.4 million. The FY 2015 beginning fund balance is \$2,605,441.
- The MOE payment was \$1,207,075 in FY 2014 and increased to \$1,407,075 in FY 2015 (environmental health services added to the budget in FY 2015).
- The FY 2014 budget included a transfer of \$361,888 from the District to the County GF for the debt service payment on its revenue bonds.

PINAL COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	3.7999	3.7999	0.0000	3.8371	\$75,575,541	\$76,193,792	\$618,251	1%
Flood Control	0.1700	0.1700	0.0000		\$2,838,032	\$2,959,533	\$121,501	4%
Library	0.0970	0.0970	0.0000		\$1,945,183	\$1,979,527	\$34,344	2%
<b>OVERALL RATE</b>	<b>4.0669</b>	<b>4.0669</b>	<b>0.0000</b>		<b>\$80,358,756</b>	<b>\$81,132,852</b>	<b>\$774,096</b>	<b>1%</b>

### **Other GF Revenues**

- The half-cent sales tax increased \$1,311,000 (10%), from \$13,041,000 to \$14,352,000.
- State shared sales tax is up \$1,473,750 (5.1%), from \$28,800,000 to \$30,273,750.
- Auto in Lieu is up \$512,500 (6%), from \$8,500,000 to \$9,012,500.
- PILT increased \$127,757 (11.7%), from \$1,087,865 to \$1,215,622.
- Building permit revenues increased \$217,037 (15%), from \$1,446,912 to \$1,663,949.
- The County received \$550,000 in lottery funds in FY 2015.

### **Special Revenue Funds**

#### ***Roads***

- HURF revenue is up \$1,867,958 (8.5%), from \$22,000,000 to \$23,867,958.
- The HURF budget is up \$7,135,371 (29%), from \$24,372,710 to \$31,508,081.

### **Jail Facilities**

- **Adult Jail:** The adult facility has a maximum of 1,511 beds with an average daily occupancy of 1,135. The County has a contract with the US Marshals to rent up to 250 beds at \$59.74/day, and up until recently, ICE to rent up to 625 beds at \$59.64/day. Consequently, the County's ICE contract was terminated on July 25, 2014, which previously generated approximately \$11 million in revenue. As a result, probationary employees were terminated and vacancies were held open for position eliminations. A consultant study is currently underway to determine the most efficient and effective way to operate and staff going forward. Budgeted revenue from renting beds in the adult facility was \$15,402,300 in FY 2014. In FY 2015, estimated revenues dropped to \$13,874,500. Now as a result of the terminated contract, an initial budget reduction of \$5 million was approved by the Board, with further reductions to be determined once the study is final.
- **Juvenile:** The juvenile facility holds 96 beds, with an average occupancy of 23. Up to 22 beds are rented to the US Marshals at \$175/day (average beds rented to the US Marshals is 4).

### **Charges to Special Districts**

- **Flood Control District** - In FY 2014, the County charged the District \$50,000 for reimbursement of services. The FY 2015 budgeted transfer is \$47,413.
- **Library District** - In FY 2014 and FY 2015, the County charged the District \$650,000.
- **Public Health Services District** - In FY 2014, the County charged the District \$406,003. In FY 2015, the County is not charging the District due to the District taking over environmental Health Services and transportation program as a result of the loss in grant funding.
- **Road Fund** - The County charged the Fund \$1,751,594 in FY 2014 and FY 2015 for indirect costs.

### **Expenditures**

- **Employee compensation:** In FY 2014, the County awarded employees with a 2.5% merit increase (effective Spring 2014). The annualized cost was approximately \$2.4 million. In FY 2015, an equivalent increase of 2.5% has been set aside in the budget that may be awarded to employees in the fourth quarter if approved by the Board. County officials state that the Board's approval depends on the financial status of the County at that time and the outcome of a classification and compensation study that is currently being conducted. If implemented, the annualized total impact will be \$2.8 million (\$2.2 million to the GF). The County currently has a 14-step system but there is no guarantee that employees will automatically receive a step

increase and the Board will decide if that is something they want to authorize in the future. After the study, the County may move away from the 14-step system.

- **Budgeted payroll:** In FY 2015, GF budgeted payroll, including EREs, increased from \$111 million to \$113.2 million. Total payroll is up from \$146.7 million to \$149.8 million.
- **Health benefits:** In FY 2013, the County covered a flat amount toward employee benefits at \$6,741/employee. The County absorbed 100% of the increase in insurance premiums, which was estimated to be 10%. The budgeted cost of the increase to the County was \$503,909 to the GF and \$686,801 to all funds. The County did no budget for any cost increases in FY 2014. In FY 2015, the flat rate benefit for contribution is \$7,709/employee. Increases due to ACA were passed on to employees in the form of increasing their contributions and other actuary increases were absorbed by the County. The Impact to the County GF was approximately \$1 million and \$1.5 million to TF.
- **Budgeted FTEs:** In FY 2015, GF FTEs increased 28 to 1,572 and total FTEs decreased 5 to 2,118.
- **Employee vacancy & turnover rates:** The County has a vacancy rate factor of approximately 7%. The County does not currently calculate a turnover rate.

### **Capital Projects**

The total capital projects budget in FY 2015 is \$20,282,039:

- Countywide Computer Project (\$2,860,000)
- Public Works/Kelvin Bridge (\$5,931,000)
- Public Works/Gantzel Road (\$8,759,987)
- Fairgrounds (\$154,552)
- Capital projects miscellaneous (\$2,574,500)

The BOS will consider approval of the four additional projects at its November meeting: Hunt Hwy (\$20 m), Ironwood Dr. imp (\$5 m), upgrade of radio systems for Sheriff's office (\$19 m), and master plan for courts construction & security (\$15 M).

### **Debt**

According to the Department of Revenue's FY 2014 Report of Bonded Indebtedness, the County held \$54,620,000 in MPC debt and \$78,960,000 in revenue bonds. In addition, the County held \$566,443 in lease-purchase debt.

In FY 2011, the County issued \$30.4 million in new revenue bonds, of which \$12 million was for construction of health clinics and renovations of human resources and administration office space. Over \$18 million was for the refunding of the Series 2001 COPs.

At its November meeting, the BOS will consider the refinancing of approximately \$41 million of the 2006 GADA loan and approximately \$45 million of the 2004 COPS that was issued for the adult detention facility and other projects. The financing will be secured with excise tax revenue and may occur in the spring of 2015.

**Debt Service Payments:** Total debt service payments in FY 2015 amount to a total of \$15,683,726 and include the following:

- Adult/juvenile detention expansion COP (\$4,970,425); Series 2010 refunding bond (\$2,500,900); capital leases (\$89,019).
- GADA loan: Ironwood/Gantzel Road (\$5,121,175); Animal Control expansion (\$213,085); 2008 long-term care facility (\$347,665); and various projects (\$1,581,238).
- Series 2010 bonds/public health clinic and GF (\$770,076).
- Lease & Long-Term Debt: Heavy equipment leases (\$90,143).

## SANTA CRUZ COUNTY

### Overview

- Santa Cruz County's FY 2015 GF budget is \$28,661,791, which is \$1,157,342 (4.2%) higher than last year's budget of \$27,504,449.
- The County started the year with an unreserved GF balance of \$10,336,084. This is \$613,607 (5.6%) below last year's balance of \$10,949,691. The fund balance represents 35.6% of the total GF budget.
- This year's total budget of \$74,308,956 is \$3,953,722 (5.6%) more than last year's adopted budget of \$70,355,234.

### Property Values

- The primary NAV decreased 5.1% to \$320,999,663. New construction amounted to \$3,574,722 (1.11% of total NAV). The secondary NAV dropped 4.7% to \$323,843,644.

### Property Tax Revenues

#### *Primary Levy*

- The primary property tax rate of \$3.6471 that was adopted by Santa Cruz County is the county's TNT rate, which is up \$0.2256 from last year's adopted rate of \$3.4215.
- The adopted primary property tax levy of \$11,707,247 is \$130,374 (1.1%) higher than last year's levy of \$11,576,873.

#### *Flood Control District*

- The District's NAV decreased \$17,202,133 (5.5%), from \$311,805,366 to \$294,603,233.
- The levy is up \$15,152 this year, from \$2,133,684 to \$2,148,836. The rate increased \$0.0451, from \$0.6843 to \$0.7294.
- The budget is down \$539,326 (7.2%), from \$7,454,383 to \$6,915,057, of which \$4,153,207 is dedicated as reserves.

SANTA CRUZ COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	3.4215	3.6471	0.2256	3.6471	\$11,576,873	\$11,707,247	\$130,374	1%
Flood Control	0.6843	0.7294	0.0451		\$2,133,684	\$2,148,836	\$15,152	1%
<b>OVERALL RATE</b>	<b>4.1058</b>	<b>4.3765</b>	<b>0.2707</b>		<b>\$13,710,557</b>	<b>\$13,856,083</b>	<b>\$145,526</b>	<b>1%</b>

### Other GF Revenues

- Auto in Lieu tax revenues are up \$100,000 (7.7%), from \$1,300,000 to \$1,400,000.
- The half-cent sales tax is up \$300,000 (13%), from \$2,300,000 to \$2,600,000.
- State shared sales tax is up \$600,000 (15.4%), from \$3,900,000 to \$4,500,000.
- PILT stayed the same at \$900,000.
- The County budget includes \$550,000 in state Lottery revenues.

### Special Revenue Funds

- Road fund revenue is up \$231,000 (5.6%), from \$4,119,000 to \$4,350,000.
- Forest fees decreased \$75,000 (13%), from \$575,000 to \$500,000.
- The Road Fund budget increased \$300,804 (5%), from \$5,966,584 to \$6,267,388.

### Jail District

- Voters approved the Jail District in November 2005, with the ability to levy a half-cent sales tax effective 7/1/06. In FY 2015, total revenues in the District decreased \$1,497,891 (30%), from \$5,000,000 to \$3,502,109, which includes a combination of the ½-cent sales tax revenue and revenue from renting beds to other entities.

- **Adult facilities:** The adult jail facility holds 377 beds and the average occupancy is approximately 35%.
- The Jail District budget is down \$2,087,510 (23%), from \$9,081,023 to \$6,993,513. The FTEs in the District dropped from 85 to 77. Total personnel compensation costs FTEs in the District, with total personnel compensation costs, including EREs, dropped from \$4,043,644 to \$2,617,876 (salaries from \$2.8 million to \$1.8 million). [Changes made to the personnel costs in the Jail District at final budget adoption are not reflected in Schedule G of the budget per County officials.]
- In FY 2015, medical expenses in the jail facilities are down from \$900,000 to \$400,000 as a result of the reduction in the jail population. The County now has three nurses (down from four) assigned to the jail facilities.
- In FY 2014, the District anticipated renting approximately 140 beds on average to other entities, such as the US Marshals, ICE, and Customs, at a charge of \$65/day. The Feds are responsible for any additional medical and dental costs, as well as transportation costs. In FY 2014, approximately \$2 million was estimated in revenue for the housing of inmates for other jurisdictions, which is down from the previous year's revenue estimate of \$3 million. In FY 2015, the estimated revenue for renting beds to Federal prisoners plummeted to \$700,000. Like other Arizona counties, Santa Cruz County is experiencing a dramatic decline in the housing of federal inmates.
- The MOE payment increased from \$3,015,761 to \$3,076,077.
- **Juvenile jail facility:** The juvenile facility was completed in 2010 and holds 32 beds. The current occupancy levels are low.

#### **Charges to Special Districts:**

- **Flood Control District** - The County charged the District \$108,066 in FY 2014 and FY 2015.
- **Road Fund** - The amount charged to the Road Fund in FY 2014 and FY 2015 was \$279,019.

#### **Expenditures**

- **Employee compensation:** In FY 2014, the County awarded employees with a one-time bonus of \$1,000 for full-time employees and \$500 for part-time permanent employees, effective December 2014. The total impact was \$205,000 (\$160,000 to the GF). In FY 2015, the County budgeted for a 5% across the Board raise for all permanent employees, which was awarded in October 2014. The estimated total impact was \$785,000 (\$359,000 to the GF).
- **Budgeted payroll:** In FY 2015, GF budgeted payroll, including EREs, increased from \$11,695,322 to \$11,817,048. Total budgeted payroll decreased from \$23,586,796 to \$23,353,224.
- **Health benefits:** Health premiums did not increase in FY 2013. The average subsidy for employee coverage is 89.3% and 75.3% for dependents. In FY 2014, the County absorbed the increase in health insurance costs at a total cost of approximately \$106,000 (\$48,000 to the GF and \$58,000 to other funds). In FY 2015, health premiums increased 4.3%, which was entirely absorbed by the County. The net impact between the GF and other funds was \$88,278.
- **Budgeted FTEs:** In FY 2015, budgeted GF FTEs increased from 180 to 183 and total FTEs decreased from 386 to 378.
- **Employee vacancy & turnover rates:** The County employee vacancy rate is less than 5% and the estimated employee turnover rate is less than 1%.

#### **Debt**

At the end of FY 2014, Santa Cruz County held \$13,585,000 in outstanding revenue bonds, which was a GADA loan used for the new court facilities (the debt is scheduled to be paid off in 2032). The debt service payment in FY 2015 is budgeted at \$1,094,515 (actual payment is \$994,925). The County also held \$9,351,453 in lease-purchase debt.

The Santa Cruz County Jail District had \$36,665,000 outstanding in revenue bonds at the end of FY 2014 and the budgeted debt service payment in FY 2015 is \$3,246,506. The debt in the Jail District is scheduled to be paid off in 2031.

**Flood Control District-revenue debt**

In January 2012, the BOS approved a \$13 million, 20-year loan for the construction of the Chula Vista Bridge and Palo Parado Road. The \$13 million obligation is the result of an IGA between the County BOS and the Flood Control District, in which the BOS is the Board of Directors. The annual debt service payment amounted to \$688,172 in FY 2015.

Construction on the Palo Parado project was completed in March 2013. Construction on the Chula Vista Bridge will be completed during the Fall of 2014 and the County received the necessary funding from the federal government. Based on previous estimates, the total cost of the Chula Vista project was \$56 million and the County impact amounted to approximately \$2 million.

**Capital Projects**

The capital projects budget increased from \$796,602 to \$2,621,661, which includes the following projects: Apron Construction (\$1,770,258); Phase I Apron design (\$100,000); Environmental assessment (\$203,000); Courthouse construction (\$16,249); Jail District Construction (\$92,179); Rio Rico Rd. improvement CDBG (\$380,341); CDBG projects (\$59,634).

## YAVAPAI COUNTY

### Overview

- The County GF budget for FY 2015 of \$94,937,304 is a \$5,257,600 (5.9%) increase over last year's adopted budget of \$89,679,704.
- This year's beginning GF balance of \$6,523,933 is \$1,255,932 (23.8%) more than last year's balance of \$5,268,001. The fund balance represents 6.9% of the total GF.
- The total financial resources in FY 2015 increased \$7,410,729 (3.3%), from \$224,231,808 to \$231,642,537. The total budgeted expenditures in FY 2015 amount to \$199,955,116 and represent 86% of total financial resources.

### Property Values

- The primary NAV decreased 0.7% to \$2,217,272,811. New construction amounted to \$32,593,402 (1.47% of total NAV). The County's secondary NAV dropped 0.5% to \$2,267,389,484.

### Property Tax Revenues

#### *Primary Levy*

- This County's primary property tax levy of \$43,415,263 is the same levy as last year plus an additional \$306,703 for a property tax judgment.
- The primary rate increased \$0.0272, from \$1.9308 to \$1.9580, which is below the County's TNT rate of \$1.9732.

#### *Flood Control District*

- The District's NAV increased \$41,128,020 (2.2%), from \$1,893,026,850 to \$1,934,154,870.
- The tax rate decreased from \$0.2162 to \$0.2116. The levy stayed the same at \$4,092,000.
- The budget decreased \$749,012 (8.9%), from \$8,395,225 to \$7,649,213.
- In FY 2014, the beginning fund balance was 4,103,225. In FY 2015, the beginning fund balance is \$3,357,213.

#### *Library District*

- The Library District rate increased from \$0.1491 to \$0.1512. An additional \$27,977 was levied for the property tax judgment, thereby increasing the levy from \$3,400,000 to \$3,427,977.
- The Library District budget decreased \$482,896 (10%), from \$4,827,414 to \$4,344,518.
- In FY 2014, the beginning fund balance was \$1,361,271. In FY 2015, the beginning fund balance is \$878,375.
- County employees only staff libraries in unincorporated areas of the County. Otherwise, cities administer their municipal libraries and receive a direct contribution of cash for their operations. The County supports all libraries with the library network for inter-library book loans, databases, and capital improvements.

YAVAPAI COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	1.9308	1.9580	0.0272	1.9732	\$43,108,560	\$43,415,263	\$306,703	1%
Flood Control	0.2162	0.2116	-0.0046		\$4,092,000	\$4,092,000	\$0	0%
Library	0.1491	0.1512	0.0021		\$3,400,000	\$3,427,977	\$27,977	1%
<b>OVERALL RATE</b>	<b>2.2961</b>	<b>2.3208</b>	<b>0.0247</b>		<b>\$50,600,560</b>	<b>\$50,935,240</b>	<b>\$334,680</b>	<b>1%</b>

### Other GF Revenues

- The County apportions the ½-cent sales tax as follows: 45% to the GF, regional roads 40%, and 15% for capital improvements. The total budgeted ½-cent sales tax for FY 2015 is \$15,150,875, which is \$904,704 (6.4%) more than last year's budgeted revenues of \$14,246,171.
- VLT increased \$462,357 (6.8%), from \$6,812,796 to \$7,275,153.
- State shared sales tax is up \$1,808,962 (7.3%), from \$24,741,824 to \$26,550,786.
- PILT revenues decreased \$214,027 (8.1%), from \$2,642,970 to \$2,428,943.



- The County received \$550,038 in Lottery revenues.

## **Special Revenue Funds**

### ***Road Fund***

- In FY 2015, total revenues in the Public Works funds are up \$3,047,710 (20.7%), from \$14,706,256 to \$17,753,966. The available fund balance is \$16,638,728.
- The Public Works budget increased \$3,738,053 (15.5%), from \$24,055,810 to \$27,793,863.

### ***Jail District***

- Yavapai County voters approved the Jail District in November 1999 with the authority to levy a ¼-cent sales tax to fund the District. At the November 2014 ballot, the County asked voters to increase the ¼-cent sales tax to ½-cent for an additional 20 years; however, the measure failed to pass. According to County officials, the purpose of the increased sales tax was to fund a jail in Prescott to house up to 300 beds with the capability to expand since the existing jail, which is in Camp Verde, is at its maximum occupancy. The estimated cost to build the new jail was approximately \$26 million.
- In FY 2015, the sales tax will generate \$7,574,902, \$452,650 (6%) more than last year.
- 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 2014. In FY 2015, the County estimated total revenues from renting beds dropped from \$1,770,000 to \$1,200,000 due to the decrease in U.S. Marshals prisoners. The County also rents beds to the state Department of Corrections and the tribes.
- In FY 2015, the MOE payment increased \$193,133 (2.8%), from \$6,836,804 to \$7,029,937.
- The Jail District budget increased \$580,474 (3.6%), from \$16,174,634 to \$16,755,108. The fund balance in the District is \$1,554,291.
- In FY 2015, medical costs in the jail are budgeted at \$3,172,771, plus \$312,499 in contingency. The County contracts with Wexford to deliver its medical services in the jails, including restoration-to-competency (RTC) services.
- The juvenile jail facility was built during FY 2013. The facility holds 80 beds and the average occupancy is approximately 50%.

## **Charges to Special Districts**

- Flood Control District - In FY 2014, the County charged the District \$550,000 for administrative costs. In FY 2015, the County charged the District \$590,000.
- Library District - In FY 2014, the County charged the District \$570,340 for administrative costs. In FY 2015, the County charged the District \$650,340.

## **Expenditures**

- Employee compensation: The County did not award pay raises to employees in FY 2014. In FY 2015, the County budgeted \$2,550,411 in employee pay raises: a 1% COLA, with a total impact of \$960,000 (\$496,968 to the GF); up to 3% for “salary compression” raises to make up for the lack of pay raises over the last several years at a total impact of \$1,590,411 (\$837,679 to the GF).
- Budgeted payroll: In FY 2015, the GF budgeted payroll, including EREs, increased from \$56,662,616 to \$59,471,232. Total budgeted payroll increased from \$96,204,074 to \$101,623,615.
- Health benefits: In FY 2015, the 1.5% increase in health premium insurance costs were proportionally absorbed between the County and the employees. The total impact of the insurance premium increase was \$605,907 (\$282,281 estimated impact to the GF). The County continues to pay 100% of employee benefit costs and 25% for dependents.
- Budgeted FTEs: The budgeted GF FTEs in FY 2015 increased from 850 to 874. The total budgeted FTEs increased from 1,504 to 1,555.

- Employee vacancy & turnover rates: The turnover rate for calendar year 2013 was 15.3%. The County removed its hiring freeze and all unbudgeted positions as a result.

### **Capital Projects**

In FY 2015, the County's capital projects include the following, which will be funded with cash:

- Public Works addition (\$2,026,446)
- Phase III of Courthouse renovations (\$2,420,000)
- Marina Street renovations (\$2,000,000)
- Adult Probation building-Verde Valley complex (\$2,000,000)
- Health Department Facility (\$2,000,000)

### **Debt**

According to DOR FY 2014 Report of Bonded Indebtedness, the County held \$21,830,105 in lease-purchase debt. This debt is the result of a 20-year, \$25 million agreement in 2008 that was used to fund the Superior Court building next to the Camp Verde Jail (\$11 million) and the Juvenile Detention and Administration facility on the Prescott Lakes Parkway (\$14 million). This debt agreement requires annual principal and interest payments of \$2,111,865 through FY 2028.

# YUMA COUNTY

## Overview

- Yuma County's FY 2015 GF budget decreased \$1,966,018 (2.5%), from \$77,258,446 to \$75,292,428, which was mainly the result of a \$2 million reduction in County reserves.
- The County started FY 2015 with an unreserved GF balance of \$13,777,216, which is \$2,799,645 (16.9%) less than last year's fund balance of \$16,576,861. The fund balance represents 18.3% of the GF Budget.
- The FY 2015 total budget decreased \$7,405,442 (3%), from \$249,718,511 to \$242,313,069.

## Property Values

- The primary NAV remained nearly flat this year at \$1,112,447,688. New construction amounted to \$51,929,659 (4.67% of total NAV). The secondary NAV increased 0.7% to \$1,139,598,176.

## Property Tax Revenues

### *Primary Levy*

- The County adopted a primary levy of \$24,037,770, which is an increase of \$1,121,520 (4.9%) above last year's levy of \$22,916,250.
- The primary tax rate of \$2.1608 is \$0.1002 over last year's primary tax rate but is just below the County's TNT rate of \$2.1609.

### *Flood Control District*

- The NAV in the District dropped \$31,251,711 (3.3%), from \$958,740,667 to \$927,488,956.
- In FY 2015, the levy decreased \$91,264 (3.4%), from \$2,682,668 to \$2,591,404.
- The secondary tax rate for the District remained the same at \$0.2794.
- In FY 2015, the District began the year with a fund balance of approximately \$16.6 million. The fund balance has been accumulated for several projects, including the Smucker Park Detention Basin, in which the total estimated cost of the project is approximately \$8.7 million. Last year, the District completed the design-phase of the project and is expected to be completed during FY 2015 at the latest.
- In FY 2015, the budget decreased \$806,397 (3.9%), from \$20,929,161 to \$20,122,764.

### *Library District*

- In 2005, the voters of Yuma County authorized the Library District to sell \$53 million in GO bonds to pay for three new libraries, expansion/renovation of three branches, and enhancements of two branches throughout the County.
- The Library District levy increased \$25,556, from \$9,566,146 to \$9,591,702 (M&O from \$6,226,171 to \$6,248,177; bonds from \$3,339,975 to \$3,343,525).
- The tax rate decreased slightly from \$0.8424 to \$0.8417 (M&O rate stayed constant at \$0.5483; bond rate decreased from \$0.2941 to \$0.2934).
- The budgeted amount for debt service in FY 2015 is \$7,346,862 (budgeted payment is \$3,343,525 and the remainder is contingency).
- The beginning fund balance for FY 2014 was \$8,319,022 and dropped down to \$7.1 million in FY 2015.
- The Library District budget decreased \$1,248,734 (8.6%), from \$14,558,700 to \$13,309,966.

YUMA COUNTY	FY 2014 RATE	FY 2015 RATE	CHANGE	TNT	FY 2014 LEVY	FY 2015 LEVY	CHANGE	% CHANGE
Primary	2.0606	2.1608	0.1002	2.1609	\$22,916,250	\$24,037,770	\$1,121,520	5%
Flood Control	0.2794	0.2794	0.0000		\$2,682,668	\$2,591,404	-\$91,264	-3%
Library*	0.8424	0.8417	-0.0007		\$9,566,146	\$9,591,702	\$25,556	0%
<b>OVERALL RATE</b>	<b>3.1824</b>	<b>3.2819</b>	<b>0.0995</b>		<b>\$35,165,064</b>	<b>\$36,220,876</b>	<b>\$1,055,812</b>	<b>3%</b>

\*Yuma's Library District rate includes a rate of \$0.2941 for voter-approved GO bonds in tax year 2013 and \$0.2934 in tax year 2014.

## Other GF Revenue

- Auto in Lieu is up \$59,922 (0.9%), from \$6,445,785 to \$6,505,707, and is distributed as follows: \$4,605,707 (GF); \$950,000 (HURF-Public Works); and \$950,000 (HURF-Development Services).

- The budgeted half-cent County sales tax is down \$355,798 (2.9%), from \$12,150,578 to \$11,794,780.
- State shared sales tax increased \$728,959 (4%), from \$18,434,421 to \$19,163,380.
- PILT is up \$85,865 (2.7%), from \$3,159,077 to \$3,244,942.
- The County continues to receive \$550,038 in state lottery revenues.

### **Special Revenue Funds**

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

- The County's HURF revenues are up \$621,123 (6.8%), from \$9,153,000 to \$9,774,123. In addition to the Auto in Lieu revenues noted above, the County distributed \$3,396,807 of HURF revenues to Development Services and \$6,377,316 to Public Works in FY 2015.
- The HURF fund budget increased \$581,506 (2.1%), from \$28,024,847 to \$28,606,353 (\$18,438,024 in the Development Services fund and \$10,168,329 in Public Works).

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

- In FY 2015, the Yuma County Jail District sales tax decreased \$355,798 (2.9%), from \$12,150,578 to \$11,794,780. In May 2011, voters approved a 20-year extension for the Jail District sales tax. The tax, which was originally scheduled to expire at the end of 2015, will now expire in 2035.
- The adult facility holds 757 beds and the average occupancy is 550. The County rents beds at \$78/day for total budgeted revenues of \$553,500 from the Cocopah Tribe and other entities (\$43,500), the US Marshals, and other federal law enforcement agencies (\$510,000). Medical expenses were budgeted at \$725,000 in FY 2014 and remain the same for FY 2015.
- The juvenile facility holds 79 beds, which are rented to La Paz County and the Cocopah Tribe at an estimated \$45,000 in FY 2014 and increased to \$84,885 in FY 2015.
- There are 273 FTEs in the adult facility (includes 37 vacant positions) and 62 in the juvenile facility (includes 4 vacant positions).
- The County jail holds up to 757 beds, of which approximately 550 are occupied on average.
- In FY 2014, the beginning fund balance was approximately \$2.8 million. The beginning fund balance in FY 2015 dropped to \$308,593.
- The Jail District budget decreased \$2,072,732 (10%), from \$20,477,864 to \$18,405,132.
- The MOE payment in FY 2015 is \$6,613,040.

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

- The County BOS created the District in April 2005, which is funded with a local sales tax. On June 17, 2013, the Board voted to increase the sales tax rate from 0.10% to 0.112%, effective October 1, 2013. The sales tax is estimated to produce \$2,630,236 in FY 2015, down \$18,590 (0.7%) from last year.
- The MOE payment for the District is \$786,898.
- The beginning fund balance in FY 2014 was \$258,368 and increased to \$895,422 in FY 2015.
- The budget increased \$628,545 (14.4%), from \$4,376,394 to \$5,004,939.

### **Charges to Special Districts**

- Flood Control District - The County charges the District a \$2.00 per parcel fee for reimbursement of services. In FY 2014, the County charged the district \$316,000 and budgeted for a charge of \$177,100 in FY 2015.
- Jail District - The District was charged \$573,802 by the County for reimbursement of services in FY 2014 and has budgeted to charge the district \$424,665 in FY 2015.
- Public Health Services District - The County charged the District \$465,524 for reimbursement of services in FY 2014. In FY 2015, the charge increased to \$687,545.
- Library District - The County charged the District \$331,955 for reimbursement of services in FY 2014, which dropped down to \$294,580 this year.

## **Expenditures**

- **Employee compensation:** In FY 2014, the County provided employees that met certain standards a step increase based on the following: 2 years < 5 years of service-1/2-step (2.5%); 5+ years of service-1 step (5%). The step increases were effective 9/2013, with a total annualized impact of \$2 million (\$1.1 million to the GF). [This information is based on the County Regular Step Pay Plan. The information varies for the other pay plans.]. The FY 2015 budget does not include any adjustments to employee compensation. **Reclassifications:** The County budgeted for twelve reclassifications in the FY 2015 budget, effective for July 1, 2014. The impact to GF budget is \$27,114 and \$55,570 to TF.
- **Budgeted payroll:** The GF budgeted payroll in FY 2015 increased from \$43,938,932 to \$44,575,773. The total budgeted payroll increased from \$91,339,500 to \$91,882,644.
- **Health benefits:** In FY 2014, the County increased their \$250 deductible plan to a \$500 deductible PPO option and reduced three plan options to one PPO and a high deductible health savings account and the County pays a percentage of the monthly premium costs. In FY 2015, the Employee Benefit Trust Fund budget increased \$813,469 (4.4%), from \$18,484,061 to \$19,297,530. The only change in the benefit structure pertains to dependent coverage, which was changed from a 90/10 split to 80/20 split.
- **Budgeted FTEs:** In FY 2014, the GF FTEs were budgeted at 666 and total budgeted FTEs amounted to 1,445. In FY 2015, GF FTEs decreased to 659 and total budgeted FTEs decreased to 1,443.
- **Vacancy & turnover rates:** The current employee vacancy rate is approximately 7% and the turnover rate is under 1%.
- **Restoration to Competency (RTC):** In an effort to decrease expenditures attributable to RTC costs, the County developed its own program in FY 2014, which is modeled after the Yavapai County model that uses private providers. There are currently between seven to eight individuals funded in the program, down from ten last year.

## **Capital Projects**

- The Capital Projects budget decreased \$3,081,408 (31.6%), from \$9,745,590 to \$6,664,182. Capital projects slated for FY 2015 include:
  - County administration: Includes the renovation of the vacant building at 197 Main St. containing approximately 50,000 square feet. Initially, the County plans to occupy approximately 20,000 square feet with the ability to expand to full capacity. The County pledged its sales taxes to pay the debt service on the lease-purchase. The amount budgeted for the project this year is \$4,484,751.
  - The remaining capital projects are included for various improvement districts (\$1,129,736); Library District (\$205,678); Administration-Port of Entry (\$153,000); Jail District (\$40,000); and general capital improvement projects (\$651,017).

## **Debt**

In FY 2013, the County entered into a lease-purchase agreement to construct the East County facility. In FY 2014, the County refunded the outstanding revenue bonds and combined that debt with \$5.3 million in new debt, and increased the payoff of the debt from 10 to 20 years. According to the DOR FY 2013-14 Report of Bonded Indebtedness, the total outstanding lease purchase debt was \$7,216,000. The budgeted debt service in FY 2015 is \$502,450.

***Library District:*** As of June 30, 2014, the total GO debt for the Library District was \$44,310,000. Although the debt service payment in FY 2015 is reported as \$7,346,862, the actual debt service payment is \$3,343,525. The debt is scheduled to be paid off in FY 2035.

***Jail District:*** The outstanding debt as of June 30, 2014 in the District was reported at \$6,020,000 and the budgeted debt service payment in FY 2015 was \$1,038,752. The debt will be paid off in FY 2021.