

FY 2017 BUDGET REVIEW

Arizona Counties



Coconino County, AZ

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ARIZONA TAX RESEARCH ASSOCIATION

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INTRODUCTION TO ARIZONA COUNTY BUDGETS

ATRA staff annually reviews the budgets of Arizona's 15 counties to ensure compliance with budget and tax laws. This report includes information compiled during meetings between ATRA staff and county officials and their adopted budgets.

This report is a year-over-year comparison of the major revenue sources and expenditures in county government. Specifically, the analysis highlights the changes in *budgeted* general funds and special revenue funds in FY 2017. In cases when the budgeted financial resources and expenditures adopted by a county are different, both are included in the analysis.

Included in each county summary are the Truth-in-Taxation (TNT) rates and whether the county was required to adhere to the public hearing and publication requirements when increasing primary property taxes and secondary taxes that fund the countywide special taxing districts for jails, libraries, flood control, and public health services.

As administrative arms of the state, counties have been subjected to cost shifting over the last decade in order to balance the state budget. As such, the state budget has included a "flexibility" provision since FY 2009 to provide counties the authority to transfer revenues from their special revenue funds, including special taxing districts, to their general funds to offset some of the cost shifts. In FY 2016, counties with a population fewer than 200,000 had the authority to transfer unlimited amounts to their general funds whereas counties with a population more than 200,000 but fewer than 900,000 were limited to transfers of \$1 million. In FY 2016, counties that utilized the provision transferred a total of \$14.3 million from countywide special taxing districts to their general funds. In FY 2017, only counties with a population less than 250,000 were provided such authority and transfers were capped at \$1.25 million for each county. As a result, the total amount transferred in FY 2017 was just \$3.5 million. This report includes the amounts transferred by each County that utilized the flexibility provision.

The FY 2017 state budget also provided one-time revenue assistance to partially offset county payments to the Department of Juvenile Corrections (DJC) Local Cost Sharing Fund that was adopted in the FY 2016 state budget. The \$8 million provided in one-time distributions to counties offset nearly 70% of the \$11.3 million in the required county payments to DJC. The state budget also provided ongoing distributions of \$550,050 to counties with a population less than 200,000, which included all counties except Mohave, Yavapai, Pinal, Pima, and Maricopa.

ATRA staff provided all counties with the opportunity to review and provide feedback on the information in this report prior to its publication. ATRA appreciates the cooperation of the counties and welcomes any additional feedback after publication of this report.

APACHE COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$19,054,415	\$20,117,544	5.6%
TOTAL FUNDS EXPENDITURES	\$51,762,560	\$53,417,659	3.2%

Overview

Apache's General Fund (GF) budget for FY 2017 increased 5.6% to \$20,117,544. The total budget increased 3.2% to \$53,417,659. The County's GF beginning fund balance is \$5 million, which represents 25% of the GF budget. The county holds an additional \$4.1 million in its Special Revenue and Debt Service Funds. The Total Funds (TF) beginning fund balance of \$9,166,029 represents 17.2% of the county's total budgeted expenditures.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$5,000,000	\$5,000,000	0.0%
SPECIAL REVENUE	\$3,430,191	\$2,112,929	-38.4%
DEBT SERVICE	\$2,000,000	\$2,053,100	2.7%
TOTAL FUNDS	\$10,430,191	\$9,166,029	-12.1%

Net Assessed Value (NAV)

The NAV in Apache County decreased 7.3% to \$453,791,208. Current value of property that existed in the previous year dropped 7.8%: centrally valued property (CVP) decreased 5.7%; locally assessed property (LAP) dropped 12.7%; and personal property (PP) increased 1.3%. New construction amounted to \$2,291,909 (0.5% of total NAV): CVP 57.6% (\$1.3 M); LAP 20.4% (468k); and PP 22% (\$504k).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	0.5202	0.5642	0.0440	0.5642	\$2,547,543	\$2,560,290	\$12,747	0.5%
Flood Control	0.0845	0.0845	0.0000	0.0905	\$167,441	\$156,256	-\$11,185	-6.7%
Library (Ops)	0.2859	0.3101	0.0242	0.3101	\$1,402,999	\$1,407,227	\$4,228	0.3%
Library (Bonds)	0.1052	0.1233	0.0181	-	\$516,249	\$559,416	\$43,167	8.4%
Jail District	0.2000	0.2000	0.0000	0.2000	\$979,447	\$907,582	-\$71,865	-7.3%
Juvenile Jail	0.0829	0.0899	0.0070	0.0899	\$405,981	\$407,958	\$1,977	0.5%
JR College	0.2985	0.2985	0.0000	-	\$1,461,825	\$1,354,567	-\$107,258	-7.3%
Post S.Ed	0.1168	0.1400	0.0232	-	\$571,997	\$635,308	\$63,311	11.1%
Public Health Services	0.1808	0.1961	0.0153	0.1961	\$885,421	\$889,885	\$4,464	0.5%
TOTALS	1.8748	2.0066	0.1318		\$8,938,903	\$8,878,489	-\$60,414	-0.7%

Primary Levy

Apache County increased its primary rate \$0.0440 to the TNT rate of \$0.5642. As a result, the levy increased slightly to \$2,560,290. The County's maximum tax rate was \$0.5755 and this year's levy was just \$51,278 below the constitutional levy limit of \$2,611,568.

Flood Control District (FCD)

The FCDs NAV decreased 6.7% to \$184,917,947. The county maintained the same tax rate of \$0.0845 from last year, which produced a levy of \$156,256. The FY 2017 FCD budget increased 45.5% to \$145,484. The District began the year with a fund balance of \$42,000.

Library District

Operations: The secondary tax rate for Library operations increased from \$0.2859 to the TNT rate of \$0.3101. The levy increased slightly to \$1,407,227. The District's operating budget of \$2,134,213 was a 4.3% decrease below last year.

General Obligation (G.O.) Bonds: In November 2006, voters approved \$7.19 million in G.O. bonds to construct new libraries. In FY 2017, the tax rate levied for bonds increased from \$0.1052 to \$0.1233. As a result, the levy increased 8.4% to \$559,416. The FY 2017 debt service payment for the bonds was budgeted at \$723,100. The FY 2017 beginning fund balance for both operations and bonds was \$500,000

Jail District

The county continues to levy the \$0.2000 maximum tax rate allowable by statute to support its Jail District. The FY 2017 levy dropped 7.3% to \$907,582. The District is currently running a deficit of approximately \$100,000. Like all counties that relied heavily on housing Federal prisoners, Apache lost considerable revenue after losing its contract with the Federal government, which amounted to \$500,000 last year. However, the County has budgeted to receive \$500,000 in revenue from housing inmates this year from the Navajo Nation and potentially from the state to house medium security inmates on a temporary basis. Currently, the average occupancy of the adult facility is approximately 55% and is mostly occupied by local prisoners.

In FY 2017, the Jail District budget decreased 9.5% to \$2,550,000. The District uses a contractor in Maricopa County to facilitate psychological medical care to inmates. The jail houses a couple of nurses for minimal healthcare only. Total compensation for employees of the District amounted to \$1,353,724 in FY 2017. There are currently 28 FTEs included in the District's budget.

State statute requires a county that creates a Jail District and/or a Juvenile Jail District to maintain the same level of support for corrections facilities and programs by making a Maintenance of Effort (MOE) payment from the 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 adjusts 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. In FY 2017, the MOE payment was 475,680.

Juvenile Jail District

In FY 2015, the County closed its juvenile detention center due to extremely low occupancy and currently sends its juveniles to Navajo County. The contract with Navajo is to house up to four juveniles at \$90,000/year. The County also maintains the District to pay for a transport vehicle and driver, salary of a Judge Pro Tem, and \$130,000 that the county is required to pay to Department of Juvenile Corrections (DJC). The County has not decided what it plans to do with the vacant facility. The FY 2017 budget amounted to \$637,714, a 10% increase over last year.

The Juvenile Jail District tax rate increased slightly from \$0.0829 to the TNT rate of \$0.0899. The levy remained flat at \$407,958. The required MOE payment was \$333,685. However, the County used the state budget flexibility provision to transfer \$300,000 from the Juvenile Jail District fund to the GF and an additional \$127,001 to the District for the reimbursement of county services (see sections "Charges to Special Districts" and "State Budget Flexibility Provision"). The Districts' beginning fund balance in FY 2017 was \$44,000.

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 stayed the same at \$0.2985. As a result of the loss in NAV, the levy decreased \$107,258 (7.3%), from \$1,461,825 to \$1,354,567. In FY 2017, tuition assistance from the state remained at \$699,300 to offset the costs incurred by the County. The budget dropped 26.9% to \$1,900,000.

Post Secondary Education: The property tax rate levied for post secondary education to operate a local branch of Northland Pioneer College increased \$0.0232 to \$0.1400. As a result, the levy increased 11.1% to \$635,308. The budget dropped \$192,207 (19%) to \$819,793.

Public Health Services District (PHSD)

The PHSD was created by the Board of Supervisors in 2007 and FY 2008 was the first year the County levied a secondary property tax to fund the District. The tax rate levied in FY 2017 increased from \$0.1808 to the TNT rate of \$0.1961. This year's tax rate generated a levy of \$889,885, which was a 0.5% increase over last year. The budget dropped slightly from \$2,803,048 to \$2,793,836 (operations budget only). The MOE payment from the GF to the District was \$105,688. The FY 2017 beginning fund balance was \$260,000.

Other GF Revenues

- State shared Vehicle License Tax (VLT) remained the same at \$550,000.
- State shared sales tax revenues grew \$300,000 (6.3%) to \$5,100,000.
- The budgeted half-cent sales tax increased 2% to \$1,224,000.
- In FY 2017, PILT was budgeted to increase 12.8% to \$1,804,079.
- In FY 2017, the county received \$550,050 in state lottery funds. Additionally the county received a one-time distribution of \$89,500 to partially offset DJC costs.

Special Revenues

Road Fund

HURF revenue increased 6.3% to \$6,700,000 and VLT revenue grew by \$100,000 to \$2,200,000. There was a slight drop in the road budget, from \$10,122,492 to \$10,077,164. The FY 2017 beginning fund balance was \$1.6 million.

Charges to Special Districts

The amount charged to the county's special taxing districts in FY 2016 and FY 2017 were as follows:

- **Flood Control District:** FY 2016 = \$83,061; FY 2017=\$75,173
- **Library District:** FY 2016 = \$271,562; FY 2017 = \$228,889
- **Jail District:** FY 2016 = \$0; FY 2017 = \$0
- **Juvenile Jail District:** FY 2016 = \$0; FY 2017 = \$127,001
- **Public Health Services District:** FY 2016 = \$402,496; FY 2017 = \$428,559
- **Road Fund:** FY 2016 = \$956,404; FY 2017 = \$951,154
- **Jr. College*:** FY 2016 = \$64,810; FY 2017 = \$198,570
- **Post Secondary Education Levy*:** FY 2016 = \$119,696; FY 2017 = \$245,128
- **ATRA informed county officials that charges for reimbursement of services are strictly limited to the entities listed under A.R.S. § 11-251.06. Not included in the statutory list are the levies for Jr. College tuition and Post Secondary Education.*

State Budget Flexibility Provision

In FY 2016 and FY 2017, the county shifted \$400,000 and \$1.2 million, respectively, from the following districts to the County GF:

- Juvenile Jail District: \$400k in FY 2016; \$300k in FY 2017.
- Jr. College: \$600k in FY 2017.
- Library District: \$300k in FY 2017.

Expenditures

Employee pay raises: The County did not award employee pay raises in FY 2016 or FY 2017.

Employee personnel compensation: In FY 2017, total GF employee payroll, including Employee Related Expenses (EREs), increased 6% to \$10,400,015. TF payroll, including EREs, increased 1.1% to \$20,607,639.

Health benefits: The County covers 96% of the health premium costs for employees and 81% (on average) for dependents. The county absorbed the 4% increase in healthcare costs in FY 2017.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$6,642,547	\$6,876,667	3.5%
RETIREMENT	\$1,342,420	\$1,451,008	8.1%
HEALTHCARE COSTS	\$1,261,560	\$1,476,044	17.0%
OTHER BENEFITS	\$567,259	\$596,296	5.1%
GF PAYROLL	\$9,813,786	\$10,400,015	6.0%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$13,929,791	\$13,849,296	-0.6%
RETIREMENT	\$2,308,401	\$2,297,035	-0.5%
HEALTHCARE COSTS	\$2,787,702	\$3,170,661	13.7%
OTHER BENEFITS	\$1,353,402	\$1,290,647	-4.6%
TF PAYROLL	\$20,379,296	\$20,607,639	1.1%

FTEs: In FY 2017, FTEs increased 2 in the GF to 160. FTEs in TF increased 7 to 373.

Employee vacancy & turnover rates: The employee vacancy rate is less than 10%. The county does not calculate a turnover rate.

Capital Projects/Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held \$4,018,558 in outstanding debt: \$3,150,000 in Revenue bonds (debt payment of \$3,300,000) and \$868,558 in lease-purchase debt. Additionally, the Library District had \$3,180,000 in outstanding G.O. debt (debt payment of \$723,100).

Notice of Pending Financial Audit

Local governments are required to file their financial audits within nine months following the end of each fiscal year. Apache County has yet to file its FY 2015 audit, and therefore, the county was required to submit and post to its website a "Notice of Pending Financial Statement Filing." In addition, the county was required to submit the form to the Office of the Auditor General, the Speaker of the House of Representatives, and the President of the Senate. The reason for the delay as disclosed by the county is that the County Treasurer's office has not fully reconciled their accounts. The estimated completion date provided by the County was November 2016; however as of the date of this publication, the audit has not been filed.

COCHISE COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$81,060,228	\$81,056,797	0.0%
TOTAL FUNDS EXPENDITURES	\$162,288,172	\$163,079,822	0.5%

Overview

Cochise County's GF budget for FY 2017 is \$81,056,797. The County GF has a beginning fund balance of \$29,985,617, an increase of \$879,630 (3%) above last year. The beginning fund balance represented 37% of the total GF budget. The total budget increased 0.5% to \$163,079,822. The \$62,840,501 in total fund balances represented 38.5% of the total budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$29,105,987	\$29,985,617	3.0%
SPECIAL REVENUE	\$15,792,582	\$19,448,216	23.1%
CAPITAL PROJECTS	\$13,757,818	\$13,148,069	-4.4%
ENTERPRISE FUND	-\$311,073	\$258,599	-183.1%
TOTAL FUNDS	\$58,345,314	\$62,840,501	7.7%

Net Assessed Value (NAV) The NAV in Cochise County decreased 1.2% to \$909,774,049. Current value of property that existed in the previous year dropped 2.9%: centrally valued property (CVP) decreased 2.5%; locally assessed property (LAP) dropped 2.8%; and personal property (PP) decreased 8.6%. New construction amounted to \$16,136,731 (1.8% of total NAV): CVP 22% (\$3.6 M); and LAP 78% (\$12.6M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	2.6276	2.6276	0.0000	2.7068	\$24,189,248	\$23,905,223	-\$284,025	-1.2%
Flood Control	0.2597	0.2597	0.0000	?	\$2,045,834	\$2,021,705	-\$24,129	-1.2%
Library	0.1451	0.1451	0.0000	0.1495	\$1,335,766	\$1,320,082	-\$15,684	-1.2%
TOTALS	3.0324	3.0324	0.0000		\$27,570,848	\$27,247,010	-\$323,838	-1.2%

Primary Levy

The primary tax rate remained the same at \$2.6276 in FY 2017. The adopted primary rate was below the TNT rate of \$2.7068 and the maximum tax rate of \$3.3579. The primary property tax levy dropped \$284,025 (1.2%) to \$23,905,223, which was well below the constitutional levy limit of \$34,188,399.

Flood Control District

The District's NAV decreased 1.2% to \$778,477,268. The secondary tax rate for the District remained the same at \$0.2597. The levy decreased 1.2% from \$2,045,834 to \$2,021,705. Budgeted expenditures for the District dropped 18% to \$5,465,265. The District held a beginning fund balance of \$3,700,000.

County Library

The Library District levy was down 1.2% to \$1,320,082. The tax rate remained the same at \$0.1451. The District budget increased slightly, from \$1,833,270 to \$1,841,035. The County operates five branches and a bookmobile. The District also operates the information system that is used by the city libraries. The FY 2017 beginning fund balance was \$592,000.

Other GF Revenues

- Budgeted Auto in Lieu revenues remained the same at \$3,500,000.

- State shared sales tax decreased 2.4% to \$12,400,000.
- The County's half-cent sales tax was approximately \$6,700,000 in FY 2017. The county currently holds \$10 M in undesignated reserves.
- PILT was budgeted to remain the same in FY 2017 at \$1,816,386.
- In FY 2017, the county received \$550,050 in state lottery funds. Additionally the county received a one-time distribution of \$164,400 to partially offset DJC costs.

Special Revenues/Other Funds

- HURF revenues increased 2.2% to \$9,500,000. The beginning fund balance in FY 2017 was \$8.3M. The HURF budget increased 14.3%, from \$17,023,506 to \$19,450,180.
- The Solid Waste Enterprise Fund revenues increased 6.8% to \$4,999,196. The budgeted expenditures increased 15.7% to \$5,063,737.
- The County budgeted to receive \$10.2M in federal grant money to protect the buffer zone of Ft. Huachuca.

Charges to Special Districts

- Library District: In FY 2017, 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 County also charged the District \$187,933 for overhead costs.
- Flood Control District: In FY 2017, the per parcel fee amounted to \$181,900. An additional \$56,239 was charged for overhead costs.
- Highway: In FY 2017, the County charged the Highway fund \$1,174,695.

State Budget Flexibility Provision

In FY 2016, the County transferred \$23,000 from the Library District to the Heavy Fleet Management fund to hire a mechanic. No transfers were made in FY 2017.

Expenditures

Employee pay raises: In October, 2016, the BOS implemented the first phase of a six-level broadband pay structure for employees. The purpose of the first phase was to give an increase in salary to employees whose current salary did not meet the minimum salary in the employee's job classification. The average increase was 6.6% and the total annualized cost to the county was \$336,181 (GF=\$224,121; OF=\$112,060).

Employee personnel compensation: GF budgeted payroll, including EREs, increased 1.5% to a total of \$40,801,708. The TF budgeted payroll, including EREs, increased 0.9% to \$56,735,100.

Health benefits: The County is self-funded and currently subsidizes 100% of employee premiums and between 41.65% and 44.31% for dependents (tiered system). Healthcare costs rose approximately 7% this year and the county absorbed the majority of the increase. The impact to the GF was \$297k and \$146k for other funds.

FTEs: In FY 2017, the GF budgeted FTEs increased 8 to 620 and TF FTE's increased 15 to 899.

<i>EMPLOYEE COMPENSATION-GF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$28,518,984	\$28,546,629	0.1%
RETIREMENT	\$5,074,654	\$5,135,602	1.2%
HEALTHCARE COSTS	\$4,310,952	\$4,671,622	8.4%
OTHER BENEFITS	\$2,284,679	\$2,447,855	7.1%
GF PAYROLL	\$40,189,269	\$40,801,708	1.5%

<i>EMPLOYEE COMPENSATION-TF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$40,164,680	\$39,989,199	-0.4%
RETIREMENT	\$6,592,108	\$6,801,296	3.2%
HEALTHCARE COSTS	\$6,091,129	\$6,404,830	5.2%
OTHER BENEFITS	\$3,379,754	\$3,539,775	4.7%
TF PAYROLL	\$56,227,671	\$56,735,100	0.9%

Employee turnover & vacancy rates: The current employee vacancy rate is approximately 10% for all funds. The employee turnover rate is 17%.

- **Jail Facilities:**

- **Adult:** The maximum capacity in the adult facility is 302 and the average occupancy rate is approximately 77%. The County rents beds to the military, Customs, and federal prisoners at a first-day rate of \$258.67 and a daily rate of \$75.47. 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.
- **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 33% (approximately six juveniles). The County does not rent beds to other entities.

Capital Projects

In FY 2017, the Capital Projects budget decreased from \$21,211,737 to \$19,655,628. The following is a list of the major capital projects:

- Radio Comm. (\$932k)
- Microwave (\$3M)
- Roads (\$1.3M)
- Davis Road (\$165k)
- Regional Evidence Storage (\$130k)
- Network Refresh (\$300k)
- Joint dispatch center (\$150k)
- BDI water system (\$1M)
- Facilities Improvements (\$455k)
- Cell 4 construction (\$2.1M)

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held \$1,292,713 in outstanding certificates of participation (COPs).

COCONINO COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND FINANCIAL RESOURCES	\$73,629,911	\$79,647,819	8.2%
GENERAL FUND EXPENDITURES	\$73,629,911	\$79,286,616	7.7%
TOTAL FUNDS FINANCIAL RESOURCES	\$213,035,762	\$236,039,924	10.8%
TOTAL FUNDS EXPENDITURES	\$175,034,502	\$187,787,836	7.3%

Overview

Coconino County's FY 2017 GF budgeted expenditures increased 7.7% to \$79,286,616. The GF beginning fund balance increased 13.4% to \$28,667,112 and represented 36.2% of the total GF budgeted expenditures. The County's TF financial resources increased 10.8% in FY 2017 to \$236,039,924. Of the total financial resources available, the County budgeted to spend \$187,787,836. The \$101,771,873 in the TF beginning fund balance reflects 54.2% of total budgeted expenditures.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$25,279,245	\$28,667,112	13.4%
SPECIAL REVENUE	\$39,762,004	\$51,965,659	30.7%
DEBT SERVICE	\$247,529	\$246,138	-0.6%
CAPITAL PROJECTS	\$21,770,015	\$20,892,964	-4.0%
TOTAL FUNDS	\$87,058,793	\$101,771,873	16.9%

Net Assessed Value (NAV)

The NAV in Coconino County increased 2.1% to \$1,569,812,808. Current value of property that existed in the previous year increased 1.1%: centrally valued property (CVP) decreased 1%; locally assessed property (LAP) increased 2%; and personal property (PP) decreased 12.3%. New construction amounted to \$16,037,565 (1% of total NAV): CVP 21.9% (\$3.5 M); LAP 76% (\$12.2M); and PP 2.1% (\$339k).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	0.5735	0.5788	0.0053	0.5675	\$8,817,093	\$9,086,077	\$268,984	3.1%
Library	0.2556	0.2556	0.0000	0.2533	\$3,936,314	\$4,012,442	\$76,128	1.9%
Flood Control*	0.4000	0.4000	0.0000	0.3926	\$2,444,973	\$2,490,852	\$45,879	1.9%
Public Health Services	0.2500	0.2500	0.0000	0.2478	\$3,850,071	\$3,924,532	\$74,461	1.9%
TOTALS	1.4791	1.4844	0.0053		\$19,048,451	\$19,513,903	\$465,452	2.4%

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

Primary Levy

The County adopted its maximum allowable levy of \$9,086,077, which resulted in a 3.1% increase over last year. The adopted tax rate of \$0.5788 exceeded the TNT rate of \$0.5675; therefore, the county was required to publish notice and hold a public hearing regarding the tax increase.

Library District

The County library district property tax rate remained the same at \$0.2556. Since the adopted tax rate exceeded the TNT rate of \$0.2533, the county was required to adhere to TNT hearing and publication requirements. As a result, the levy increased 1.9% to \$4,012,442. The budget increased 2% to \$3,919,971. The district began FY 2017 with a fund balance of approximately \$160,000.

Flood Control District

The District's NAV increased 1.9% to \$622,712,967. Coconino County's Flood Control District tax is levied on all properties outside the cities of Flagstaff, Page, and Fredonia. The tax rate remained the same at \$0.4000, which exceeded the TNT rate of \$0.3926 and therefore the County was required to adhere to TNT hearing and publication requirements. The levy increased 1.9% to \$2,490,852. The District budget dropped 19.8% to \$2,416,483. The District does not maintain a fund balance.

Public Health Services District

The District was created in 2009 by the BOS, which is funded with a property tax. The County continues to levy the maximum 25-cent statutory tax rate. Since the adopted tax rate exceeded the TNT rate of \$0.2478, the county was required to adhere to TNT hearing and publication requirements. In FY 2017, the levy increased 1.9% to \$2,490,852. Other special revenue budgeted in the District in FY 2017 increased \$614,370 (3.1%), from \$19,702,533 to \$20,316,903. In FY 2017, the MOE payment was \$4,812,438. The FY 2017 District budget grew \$654,745 (4.7%), from \$14,012,539 to \$14,667,284. The District began FY 2017 with a fund balance of approximately \$2.7 million.

Other Revenues

GF Revenues

- Auto in Lieu revenues increased 6.2% to \$3,334,866.
- State shared sales tax rose 5.1% to \$21,722,928.
- The half-cent sales tax grew 12% to \$14,861,462.
- PILT revenue remained steady at \$1,666,210.
- The County did not budget for National forest fee revenues in FY 2017; however, actual revenues in FY 2016 amounted to \$450,364.
- In FY 2017, the county received \$550,050 in state lottery funds. Additionally the county received a one-time distribution of \$168,300 to partially offset DJC costs.

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. The county budgeted to receive \$16,474,502 from the sales tax in FY 2017.

The MOE payment in FY 2017 was \$2,647,848. The total Jail District budget dropped nearly 12% to \$17,171,752. The FY 2017 beginning fund balance in the Jail District dropped to \$12.6 million following the transfer of \$10 million to the county general fund at the end of FY 2016 (see discussion under "State Budget Flexibility Provision").

Jail facilities

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.

Juvenile: The juvenile facility currently holds 24 beds. The County can potentially rent beds to the Federal Marshals at \$265/day; however, no beds have been rented to the Federal government in more than four years. The current average occupancy is approximately 55%.

Parks and Open Space

At the 2002 General Election, voters approved a $\frac{1}{8}$ -cent capital projects sales tax to generate a total of \$33 million for the purpose of implementing the Coconino Parks and Open Space Program. The tax has since sunset and the FY 2017 budget shows budgeted expenditures of \$12,907,806.

Road Fund

The FY 2017 budgeted revenues in the Public Works Fund was \$20,316,903, which consists of HURF and the 3/10-cent sales tax to maintain county roads. The budget increased 1.7%, from \$26,141,694 to \$26,581,670. The FY 2017 beginning fund balance was approximately \$20 million.

Charges to Special Districts in FY 2017:

- Public Health Services District: \$1,457,415
- Library District: 0
- Jail District: \$911,256
- Flood Control District: \$153,159
- Road Fund (HURF): \$455,845

State Budget Flexibility Provision

In FY 2016, the county shifted \$634,800 from the Jail District to the County GF. The County transferred an additional \$10 million from the Jail District before the end of FY 2016 to avoid the \$1.25 million cap that was in effect for FY 2017. In FY 2017, the county transferred an additional \$493,658 from Jail District reserves.

Expenditures

Employee pay raises: In FY 2016, the county awarded employees with a 2.5% merit increase on their anniversary date, 1.5% to address compression, and an additional 2% for sworn officers in the Jail District. In FY 2017, the county awarded employees with a 2.5% market increase, plus a 2.5% merit adjustment. The annualized impact to the GF was \$1,227,429 and \$2,393,880 to TF.

Employee personnel compensation: Total GF employee budgeted payroll, including EREs, increased 6.4% to \$41,521,702. TF budgeted payroll, including EREs, increased 4.3% to \$79,918,198.

	FY 2016	FY 2017	% CHG
EMPLOYEE COMPENSATION-GF			
BUDGETED SALARIES	\$27,328,020	\$29,216,754	6.9%
RETIREMENT	\$5,469,978	\$5,597,777	2.3%
HEALTHCARE COSTS	\$3,519,867	\$3,894,307	10.6%
OTHER BENEFITS	\$2,707,568	\$2,812,864	3.9%
GF PAYROLL	\$39,025,433	\$41,521,702	6.4%
EMPLOYEE COMPENSATION-TF			
BUDGETED SALARIES	\$54,208,047	\$57,008,610	5.2%
RETIREMENT	\$8,872,710	\$9,083,675	2.4%
HEALTHCARE COSTS	\$7,409,169	\$7,791,857	5.2%
OTHER BENEFITS	\$6,152,429	\$6,034,056	-1.9%
TF PAYROLL	\$76,631,321	\$79,918,198	4.3%

Health benefits: The County provides health care benefits to its employees through the Northern Arizona Public Employees Benefit Trust. In FY 2017, healthcare costs increased 5% and the county absorbed 55% of the increase. The county pays 100% of employee coverage and approximately 45% for dependents.

FTEs: In FY 2017, the GF budgeted FTEs increased 8 to 512. Total FTEs increased 4 to 1,062.

Employee vacancy and turnover rates: The current employee voluntary turnover rate is approximately 16%. The vacancy rate is 3%.

Capital Projects

The County is allocating \$15 million over the next three years to fund its facility master plan, which includes a joint project with the City of Flagstaff to build a new courthouse. Additionally the county will spend \$2.5M in FY 2017 for a new financial software system.

The FY 2017 budget includes \$2,092,465 in capital projects. Of the total, \$1,616,367 is for the County Jail District and \$476,098 is for facilities management.

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held \$61,900 in lease-purchase debt.

GILA COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$49,545,792	\$49,042,638	-1.0%
TOTAL FUNDS EXPENDITURES	\$91,985,237	\$94,014,975	2.2%

Overview

Gila County's GF budget for FY 2017 decreased 1% to \$49,042,638. The GF beginning fund balance increased 5.9% to \$17,700,250, which represented 36% of the GF budget. The \$35,769,540 in TF beginning fund balance was equal to 38% of the TF budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$16,708,877	\$17,700,250	5.9%
SPECIAL REVENUE	\$13,925,542	\$11,919,189	-14.4%
CAPITAL PROJECTS	\$1,836,988	\$2,064,601	12.4%
ENTERPRISE FUND	\$3,680,247	\$4,085,500	11.0%
TOTAL FUNDS	\$36,151,654	\$35,769,540	-1.1%

Net Assessed Value (NAV)

The NAV in Gila County increased 2.9% to \$496,294,071. Current value of property that existed in the previous year dropped 0.5%: centrally valued property (CVP) decreased 12.5%; locally assessed property (LAP) increased 3.9%; and personal property (PP) decreased 20.7%. New construction amounted to \$16,103,621 (3.2% of total NAV): CVP 62.7% (\$10.1 M); and LAP 37.3% (\$6M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	4.1900	4.1900	0.0000	4.2103	\$20,217,385	\$20,794,722	\$577,337	2.9%
Library	0.2425	0.2425	0.0000	0.2437	\$1,170,099	\$1,203,513	\$33,414	2.9%
TOTALS	4.4325	4.4325	0.0000		\$21,387,484	\$21,998,235	\$610,751	2.9%

Primary Levy

Gila's primary property tax rate remained the same at \$4.1900, which was below the TNT rate of \$4.2103. The adopted primary tax rate was well below the county's maximum tax rate of \$6.1249. The FY 2017 primary levy increased 2.9% to \$20,794,722. The county's maximum allowable levy was \$30,397,516.

Library District

The Library District levy increased 2.9% to \$1,203,513 in FY 2017. The tax rate remained unchanged at \$0.2425 and was below the TNT rate of \$0.2437. The Library District budget increased 1.6% to \$1,704,227. The FY 2017 beginning fund balance was \$363,946.

Other GF Revenues

- Auto in Lieu is up 8.9% to \$1,779,300.
- State shared sales tax remained level at \$5,511,830.
- The County's half-cent sales tax revenue stayed the same at \$2,870,000.
- PILT revenue increased slightly to \$3,484,080.
- In FY 2017, the county received \$550,000 in state lottery funds. Additionally the county received a one-time distribution of \$67,100 to partially offset DJC costs.

Special Revenues

Road Budget

HURF revenues increased 8.1% to \$3,424,380. VLT increased 18.1% to \$1,020,000. The county also levies a ½-cent transportation sales tax, which was anticipated to generate \$1,364,856 in FY 2017. The total Public Works budget dropped 12.3% to \$9,897,855. The FY 2017 beginning fund balance was \$4,027,308.

Charges for Services

- **Library District:** In FY 2016, the county charged the District \$101,974 for reimbursement of county services, which dropped slightly to \$99,818 in FY 2017.
- **Road Fund:** The County charged the Road Fund \$820,000 for indirect costs in FY 2016 and \$800,000 in FY 2017.

Expenditures

Employee pay raises: In FY 2016, employees received between 1% and 3.5% Pay-For-Performance (PFP) increases plus a 1.8% COLA. The annualized impact to the GF was \$963,155 and TF was \$1,440,180. In FY 2017, employees received another 2.5% PFP and 2% COLA. The annualized impact to the GF was \$1,137,615 and \$1,614,747 to TF.

Employee personnel compensation: Total GF budgeted payroll, including EREs, increased 3.5% to \$24,874,418. TF budgeted payroll, including EREs, increased 4.3% to \$37,786,449.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$16,841,000	\$17,283,002	2.6%
RETIREMENT	\$2,650,780	\$2,939,212	10.9%
HEALTHCARE COSTS	\$2,966,179	\$3,111,097	4.9%
OTHER BENEFITS	\$1,571,673	\$1,541,107	-1.9%
GF PAYROLL	\$24,029,632	\$24,874,418	3.5%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$25,395,603	\$26,689,306	5.1%
RETIREMENT	\$3,753,058	\$4,133,007	10.1%
HEALTHCARE COSTS	\$4,698,875	\$4,581,856	-2.5%
OTHER BENEFITS	\$2,392,056	\$2,382,280	-0.4%
TF PAYROLL	\$36,239,592	\$37,786,449	4.3%

Health benefits: In FY 2017, county employee health care costs increased 6%, which amounted to approximately \$300,000. The County pays 88% of costs for single coverage and 75% for family coverage (average 81.5% per employee).

FTEs: In FY 2017, GF FTEs increased 10 to 402 and TF FTEs increased 12 to 632.

Employee vacancy & turnover rates: The current employee voluntary turnover rate is 15% and the vacancy rate is 13%.

Enterprise Funds: The budgeted expenditures increased 12.9% to \$6,188,500. Of that amount, \$3,817,090 was dedicated for recycling and landfill management, \$2,071,410 for the Russell Gulch expansion, and \$300,000 for the Buckhead Mesa expansion. Revenues for recycling and landfill management dropped 11% to \$1,603,000.

Jail Facilities

Adult facility

In FY 2017, the Sheriff's total budget increased 8.9% to \$13,798,321. The adult facility holds 225 beds and the average occupancy is 73%. The County currently rents beds to other entities at a rate of \$175 for the first day and \$90 each day thereafter. Projected revenues in FY 2017 were budgeted at \$120,000.

Juvenile facility

The juvenile facility holds 13 beds. Gila County contracts with the US Marshals to rent 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). Like other counties with juvenile facilities, the average daily population is very low- just two on average. Total revenues in FY 2017 were estimated at \$20,000. The Juvenile Detention budget increased 1.2% to \$1,540,949.

Capital Projects

In FY 2017, the capital projects budget increased from \$4,094,238 to \$4,222,000 (includes \$722,000 in non-capitalized projects).

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, there was \$7,730,930 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 jail facilities, and a new evidence storage facility for the Sheriff's office. In FY 2016, the County issued \$2 million in Revenue bonds to refurbish the Globe modular Copper Administration building on the Globe County Courthouse campus. The budgeted debt service payment in FY 2017 increased from \$628,150 to \$854,000.

Notice of Pending Financial Audit

Local governments are required to complete their financial audits within nine months following the end of the fiscal year. Gila County was required to submit a form with the county budget for each year the county was behind on its financial audits, which included FY 2013, FY 2014, and FY 2015. Since the adoption of the FY 2017 county budget, the FY 2013 financial audit has been finalized. The estimated completion date for the FY 2014 and FY 2015 audits is June 30, 2017. No reason was provided for the delay in filings.

GRAHAM COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$17,582,984	\$17,932,119	2.0%
TOTAL FUNDS EXPENDITURES	\$34,664,885	\$35,923,821	3.6%

Overview

Graham County's FY 2017 GF budget increased 2% to \$17,932,119. The County's GF beginning fund balance of \$1,054,705 represented 5.9% of the GF budget. The TF budget increased 3.6% to \$35,923,821. TF beginning fund balance of \$5,983,757 was 16.7% of the total budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$1,527,239	\$1,054,705	-30.9%
SPECIAL REVENUE	\$4,312,511	\$4,928,766	14.3%
DEBT	\$0	\$141	-
CAPITAL PROJECTS	\$0	\$145	-
TOTAL FUNDS	\$5,839,750	\$5,983,757	2.5%

Net Assessed Value (NAV)

The NAV in Graham County decreased 5.3% to \$193,098,384. Current value of property that existed in the previous year dropped 6.2%: centrally valued property (CVP) decreased 17.4%; locally assessed property (LAP) increased 0.2%; and personal property (PP) decreased 4%. New construction amounted to \$1,762,697 (0.9% of total NAV): CVP 19.7% (\$347k); and LAP 80.3% (\$1.4M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	2.3071	2.4597	0.1526	2.4597	\$4,706,194	\$4,749,641	\$43,447	0.9%
Flood Control	0.0953	0.1017	0.0064	0.1017	\$186,609	\$188,397	\$1,788	1.0%
TOTALS	2.4024	2.5614	0.1590		\$4,892,803	\$4,938,038	\$45,235	0.9%

Primary Levy

The primary tax rate increased over 15 cents to \$2.4597, which was the County's TNT rate. The county's maximum tax rate was \$2.7156. The FY 2017 adopted primary levy amounted to \$4,749,641, which was below the county's constitutional levy limit of \$5,243,780.

Flood Control District (FCD)

The District's NAV decreased 5.4% to \$185,248,076. The FCD tax rate increased from \$0.0953 to the TNT rate of \$0.1017. The levy increased 1% to \$188,397. The budget dropped 40% to \$274,196. The FY 2017 beginning fund balance was \$196,203.

Other GF Revenues

- PILT was budgeted to bring in \$2,831,520, 7.4% less than last year.
- State shared sales tax revenues remained the same at \$4,000,000.
- The half-cent sales tax revenues also stayed the same at \$2,000,000.
- Auto in Lieu increased \$50,759 (5.3%), from \$949,241 to \$1,000,000.

- In FY 2017, the county received a legislative appropriation of \$850,000 for maintenance of essential county services. The state budget also included a one-time distribution of \$46,600 to partially offset DJC costs.

Jail District

Voters approved the creation of a Jail District at the November 2014 ballot to levy a ½-cent sales tax effective for 25 years. The estimated sales tax revenue in FY 2017 was budgeted at approximately \$2 million. The annual sales tax revenue will be deposited in an escrow account and the full amount collected each year will be paid towards the District's annual debt service.

The County estimates it will spend up to \$25 million to construct a new jail facility. The facility will hold approximately 220-250 beds with room for expansion and will take up to two years to complete. The existing facility holds a maximum of approximately 189 beds and has an average occupancy of 74%. Once the new facility is built, the county will repurpose the existing facility for holding or office space.

The Jail District budget for FY 2017 was \$4,730,176, which included a debt service payment of \$1,700,381. The MOE payment was \$2,872,677.

Juvenile facility: The juvenile facility holds 48 beds. In FY 2017, the County budgeted to receive \$100,000 from both BOP and USM and \$800,000 from Greenlee and Gila counties to house its inmates. The budget for regional juvenile detention increased 4.7% to \$1,452,863.

Special Revenues

Road Fund

HURF revenue increased 6.1% to \$3,294,847. Revenues from forest fees remained level at \$516,000. The Road Fund budget increased 13.3% to \$7,279,550. The FY 2017 beginning fund balance was \$3,184,099.

Charges to Special Districts

- Flood Control District: The County charged the District \$83,722 in FY 2016 and \$94,525 in FY 2017.
- Road Fund: The County charged the Road Fund \$365,206 in FY 2016 and \$403,422 in FY 2017.

Expenditures

Employee pay raises: The County provides 4% step increases for its employees at the end of the first year of employment, two years, five years, and every third year beyond that point. In FY 2016, The GF impact was \$145,852 and TF was \$166,567. In FY 2017, the GF impact was \$52,000 and TF impact was \$92,000. The County did not budget for any other increases.

Employee personnel compensation: In FY 2017, total GF budgeted payroll, including EREs, increased 2.9% to \$9,761,790. TF budgeted payroll, including EREs, increased 4.6% to \$16,539,594.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$7,037,271	\$7,244,058	2.9%
RETIREMENT	\$1,143,840	\$1,211,765	5.9%
HEALTHCARE COSTS	\$1,309,970	\$1,305,967	-0.3%
OTHER BENEFITS	\$0	\$0	-
GF PAYROLL	\$9,491,081	\$9,761,790	2.9%
EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$11,812,109	\$12,360,532	4.6%
RETIREMENT	\$1,703,008	\$1,817,873	6.7%
HEALTHCARE COSTS	\$2,301,700	\$2,361,189	2.6%
OTHER BENEFITS	\$0	\$0	-
TF PAYROLL	\$15,816,817	\$16,539,594	4.6%

Health benefits: The County is part of the six-county insurance pool and charges employees with single coverage \$100/month and employees with family coverage \$300/month. The County pays approximately 91% for single coverage and 80% for family coverage. In FY 2017, health insurance costs increased approximately 6.3%, which was absorbed by the County (impact to the GF & OF unknown).

FTEs: The FY 2017 FTEs in the GF increased 2 to 149 and TF FTEs dropped 1 to 263.

Employee vacancy & turnover rates: The most recent calculation reflects that the employee vacancy rate is approximately 10% and the voluntary turnover rate is 23%, which is primarily in Detention.

Capital Projects/Debt

The capital projects budget remained the same in FY 2017 at \$75,000. According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County had approximately \$1,049,867 in outstanding lease-purchase debt.

GREENLEE COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND RESOURCES*	\$16,927,243	\$17,455,649	3.1%
GENERAL FUND EXPENDITURES	\$12,427,243	\$12,455,649	0.2%
TOTAL FUNDS FINANCIAL RESOURCES*	\$31,546,844	\$32,386,766	2.7%
TOTAL FUNDS EXPENDITURES	\$24,114,602	\$24,302,726	0.8%

*Includes \$5 million designated for future debt retirement and stabilization.

Overview

Greenlee's FY 2017 GF Financial Resources increased 3.1% to \$17,455,649. Of the total financial resources available, the county reserved \$2 million for future debt retirement and \$3 million for budget stabilization. As a result, the County plans to spend just \$12,455,649 from its GF. TF financial resources increased 2.7% to \$32,386,766; however, the county's total budgeted expenditures increased just 0.8% to \$24,302,726. The FY 2017 TF beginning fund balance amounted to \$12,415,512— 51% of TF budgeted expenditures.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$6,797,709	\$5,508,302	-19.0%
SPECIAL REVENUE	\$1,963,000	\$2,707,210	37.9%
DEBT SERVICE	\$0	\$0	-
CAPITAL PROJECTS	\$3,150,000	\$4,200,000	33.3%
TOTAL FUNDS	\$11,910,709	\$12,415,512	4.2%

Property Values

The NAV in Greenlee County decreased 8.8% to \$424,428,003. Current value of property that existed in the previous year dropped 36.8%: CVP decreased 40.1%; LAP dropped 1.3%; and PP dropped 0.7%. New construction amounted to \$129,990,968 (30.6% of total NAV): CVP 99.7% (\$129.5M); and LAP 0.3% (\$446,713).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	0.5626	0.6171	0.0545	0.8895	\$2,619,093	\$2,619,145	\$52	0.0%
Public Health Services	0.2500	0.2499	-0.0001	0.2500	\$1,163,834	\$1,060,620	-\$103,214	-8.9%
Flood Control	0.2500	0.1092	-0.1408	0.1093	\$142,039	\$174,000	\$31,961	22.5%
TOTALS	1.0626	0.9762	-0.0864		\$3,924,966	\$3,853,765	-\$71,201	-1.8%

Primary Levy

Greenlee County increased its primary tax rate from \$0.5626 to \$0.6171 in order to adopt last year's levy of \$2,619,145, which was well below the county's maximum allowable levy of \$3,850,835. The adopted tax rate was below the county's TNT rate of \$0.8895 and the county's maximum tax rate of \$0.9073.

Public Health Services District (PHSD)

The Greenlee County BOS created the PHSD in June 2006 to fund health department services, animal control, inmate medical expenses (includes nurses' salaries), and ambulance services. The District is supported by a secondary property tax and the county currently levies a rate of \$0.2499, which is just under the statutory rate cap of \$0.2500. Due to the reduction in NAV, the levy dropped 8.9% to \$1,060,620. The

total District budget increased 9.6% to \$2,385,688. The FY 2017 beginning fund balance was approximately \$750,000. The MOE payment for the District was \$356,000.

Flood Control District

The FCD NAV increased 180%, from \$56,805,568 to \$159,264,845. As a result, the county dropped the tax rate from \$0.2500 to \$0.1092, which was just below the TNT rate of \$0.1093. The levy increased 22.5% to \$174,000. The FY 2017 District budget increased 80% to \$315,000.

Other GF Revenues

- Auto in Lieu rose 13.7% to \$398,000.
- The half-cent sales tax revenue decreased 28.6% to \$1 million.
- State shared sales tax revenue was estimated to drop 3.7% to \$5.2 million.
- PILT was budgeted to increase 38.5% to \$900,000.
- The County budgeted to receive \$574,500 from the state for out-of-county tuition, same as last year.
- The County received \$550,000 in Lottery revenues. Additionally the county received a one-time distribution of \$10,500 to partially offset DJC costs.
- FMI donation increased 50% in FY 2017 to \$1,800,000.

Special Revenue Funds

Road Fund revenue remained the same at \$1,275,000. National forest fee revenues also stayed the same at \$600,000 (The County distributes \$300,000 to the Road Fund, \$250,000 to the county accommodation school in Morenci, and the remaining \$50,000 to other schools). The total budget was reduced \$62,558 (2.6%), from \$2,449,366 to \$2,386,808.

Charges to Special Districts

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

Expenditures

Employee Pay Raises: In FY 2016, the county awarded all employees with a 3.8% salary adjustment, effective 7/1/15 (increased pay scale by 1.3% plus 2.5% by shifting employees one grade; employees must be employed on July 1, 2012 to receive salary adjustment). The TF impact equated to \$317,198 (GF=\$160,361; SRF=\$156,837). In FY 2017, the county awarded employees with a 2% across the board increase. The total impact was \$143,765 (GF=\$74,758; SRF=\$69,007).

Employee Personnel Compensation: In FY 2017, the GF budgeted payroll, including EREs, increased 4.9% to \$7,029,593. Total budgeted payroll, including EREs, increased 2.2% to \$10,683,212.

Health benefits: The County currently covers 94.2% for employee coverage and 82.5% for dependents. Health premiums increased 5% this year and the county and employees shared the increase.

FTEs: In FY 2017, the FTEs in the GF and TF remained the same at 107 and 168, respectively.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$4,650,674	\$4,817,650	3.6%
RETIREMENT	\$699,077	\$746,238	6.7%
HEALTHCARE COSTS	\$847,018	\$970,542	14.6%
OTHER BENEFITS	\$501,437	\$495,163	-1.3%
GF COMPENSATION	\$6,698,206	\$7,029,593	4.9%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$7,150,525	\$7,350,108	2.8%
RETIREMENT	\$1,069,108	\$1,064,636	-0.4%
HEALTHCARE COSTS	\$1,482,939	\$1,527,162	3.0%
OTHER BENEFITS	\$755,609	\$741,306	-1.9%
TF COMPENSATION	\$10,458,181	\$10,683,212	2.2%

Employee vacancy & turnover rates: The most recent employee vacancy rate is less than 2% and the turnover rate was nearly 12%.

Jail facilities: Total inmate health care costs in FY 2017 was budgeted at \$115,406, which includes \$52,181 paid to healthcare facilities (Gila Heath Resources, Tucson Medical Center, etc.) for the cost of nurses. Also to control costs, the County has an ambulance service that it uses to avoid using a helicopter for emergencies. The adult facility can hold up to 55 beds with triple bunking and the average occupancy is approximately 55%. 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 \$350,000 in FY 2017 for renting up to three beds.

Capital Projects

The FY 2017 capital projects budget remained the same at \$2,500,000 and included the following:

- Replacement of Duncan Annex (final design phase-estimated \$1.8 million)
- Campbell Blue Bridge (design phase-county portion of project is \$54,000 and remaining \$1.2 million from FHWA)
- Airport drainage/erosion control (completing project with total cost of \$450,000/County portion approximately \$24,000)

Debt

The Arizona Treasurer's FY 2016 Report of Long Term Debt shows that the County held \$1,461,895 in lease-purchase debt (the debt is for vehicles and equipment in the Road Department). The budgeted debt service payment in FY 2017 dropped 25% to \$600,000.

LA PAZ COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$17,340,677	\$16,150,812	-6.9%
TOTAL FUNDS EXPENDITURES	\$36,803,669	\$33,156,664	-9.9%

Overview

La Paz's GF budget in FY 2017 dropped 6.9% to \$16,150,812. The County's GF beginning fund balance was budgeted at \$7,103. The TF budget decreased 9.9% to \$33,156,664. TF beginning fund balance dropped 18% to \$1,476,916 and represented 4.5% of the total budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$0	\$7,103	-
SPECIAL REVENUE	\$1,651,610	\$1,662,917	0.7%
DEBT SERVICE	\$105,140	\$0	-100.0%
CAPITAL PROJECTS	\$0	\$0	-
ENTERPRISE FUND	\$44,371	-\$193,104	-535.2%
TOTAL FUNDS	\$1,801,121	\$1,476,916	-18.0%

Net Assessed Value (NAV)

The NAV in La Paz County decreased 0.4% to \$200,919,282. Current value of property that existed in the previous year dropped 0.3%; centrally valued property (CVP) increased 2.5%; locally assessed property (LAP) decreased 1.3%; and personal property (PP) decreased 0.7%. The county experienced negative new construction of \$191,430: New construction in LAP of \$773k and \$226k in PP was offset by a \$1.2 million reduction in CVP.

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	2.3580	2.3580	0.0000	2.3656	\$4,757,403	\$4,737,677	-\$19,726	-0.4%

Primary Levy

La Paz County's primary tax rate remained the same at \$2.3580, which was below the TNT rate of \$2.3656 and the maximum tax rate of \$2.4614. As a result of the rate remaining the same, the levy dropped slightly to \$4,737,677. The county's maximum allowable levy was \$4,945,427.

Other GF Revenues

- Budgeted Auto in Lieu increased from \$500,006 to \$1,150,185 (FY 2016 actual was \$1,226,624).
- State shared sales tax revenue increased 3.6% to \$2,300,000.
- Half-cent sales tax revenues dropped 0.4% to \$1,245,000.
- PILT dipped 2.8% to \$2,082,290.
- In FY 2017, the county received \$550,000 in state lottery funds. Additionally the county received a one-time distribution of \$25,700 to partially offset DJC costs.
- Sanitation charges dropped 74%, from \$1,562,355 to \$400,000.

Special Revenues

Road Fund

HURF revenue increased 10.8% to \$4,107,175. The Public Works budget rose 11.3% to \$3,861,675.

Jail District

The County levies a ½-cent sales tax to support its Jail District, which is down 0.4% to \$1,245,000. Other budgeted revenues include \$900,000 from housing AZDOC inmates and other inmate revenue is budgeted at \$625,499. 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 operations budget increased slightly to \$3,299,911. Personnel costs in the District, including EREs, were budgeted at \$1,894,844 in FY 2017. There are currently 35 FTEs funded by the District.

The County's MOE payment in FY 2017 was \$720,000, same as last year. The adult facility holds 266 beds the average daily bed occupancy remains at approximately 30%. The County does not currently have a juvenile facility, and instead, transfers its juveniles to Yuma County.

Enterprise Funds

County Golf Course: The revenues from the La Paz County Golf Course increased 4.8% to \$1,817,613. The budget increased 3.6% to \$1,570,018.

La Paz Park: Park revenues are anticipated to increase 4% to \$940,600 in FY 2017. The budget decreased 0.1% to \$903,491.

State Budget Flexibility Provision

In FY 2016, the county transferred \$992,500 from transportation –specific VLT disbursements to the GF. In FY 2017, the county transferred another \$536,136 from VLT and \$60,401 from the Waste Tire fund.

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 in the *La Paz County v. Yakima* case. The amount budgeted, not to exceed \$19 million, includes the judgment, 2% underwriting fees, bond counsel fees, and charges for the bond issuance. The one-cent sales tax took effect on December 1, 2011. The tax is estimated to be in effect for twenty years.

In FY 2017, the revenue generated from the sales tax for the judgment was estimated to be approximately \$2.5 million. The debt service payment for the bonds in FY 2017 was \$1,422,719.

Expenditures

Employee pay raises: The County did not award pay raises in FY 2016 or FY 2017.

Employee personnel compensation: The total GF budgeted employee payroll, including EREs, decreased 2.7% to \$8,965,733. TF budgeted payroll, including EREs, decreased 6.4% to \$16,502,662.

Health benefits: Healthcare costs went up approximately 4% in FY 2017 and the County absorbed the entire impact. The impact to the GF was \$51,936 and \$43,660 to OF. The County covers 100% of health benefit costs for employees and approximately 50% for dependents.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$6,425,960	\$6,217,371	-3.2%
RETIREMENT	\$1,196,535	\$1,268,640	6.0%
HEALTHCARE COSTS	\$1,052,570	\$1,065,269	1.2%
OTHER BENEFITS	\$537,850	\$414,453	-22.9%
GF PAYROLL	\$9,212,915	\$8,965,733	-2.7%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$12,323,181	\$11,464,656	-7.0%
RETIREMENT	\$2,064,376	\$2,061,287	-0.1%
HEALTHCARE COSTS	\$2,080,772	\$2,047,863	-1.6%
OTHER BENEFITS	\$1,155,253	\$928,856	-19.6%
TF PAYROLL	\$17,623,582	\$16,502,662	-6.4%

FTEs: In FY 2017, the GF budgeted FTEs dropped 4 to 134 and TF FTEs dropped 21 to 282.

Employee vacancy & turnover rates: The employee vacancy rate is minimal. The voluntary turnover rate is approximately 20%.

Expenditure Limitation Penalty Waiver: A provision was included in the FY 2017 state budget under HB 2708 to waive any penalties to La Paz County for exceeding its constitutional expenditure limits in FY 2014, FY 2015, and FY 2016 related to the contract with Los Angeles County to import incinerator ash for disposal during those years.

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held \$20,514,494 in Revenue bonds for the Yakima judgment.

MARICOPA COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$1,033,655,889	\$1,062,505,856	2.8%
TOTAL FUNDS FINANCIAL RESOURCES	\$3,295,909,984	\$3,527,255,076	7.0%
TOTAL FUNDS EXPENDITURES	\$2,366,692,117	\$2,493,574,444	5.4%

Overview

Maricopa County's GF budget for FY 2017 increased 2.8% to \$1,062,505,856. The County began the fiscal year with \$133,944,163 in its GF beginning fund balance, which was an increase of 61.6% over last year and represented 12.6% of the GF budget. TF financial resources increased 7% to \$3,527,255,076. Of the total resources, the county budgeted to spend \$2,493,574,444, 5.4% more than last year. TF beginning fund balance increased 1.1% to \$1,309,844,808, representing 37.5% of total financial resources and 52.5% of the TF budgeted expenditures.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$82,902,015	\$133,944,163	61.6%
SPECIAL REVENUE	\$187,135,405	\$153,620,378	-17.9%
DEBT SERVICE	\$14,275,716	\$23,966,201	67.9%
CAPITAL PROJECTS	\$975,622,871	\$981,716,509	0.6%
INTERNAL SERVICE FUND	\$35,327,600	\$16,597,557	-53.0%
TOTAL FUNDS	\$1,295,263,607	\$1,309,844,808	1.1%

Net Assessed Value (NAV)

The NAV in Maricopa County increased 4.4% to \$36,135,494,474. Current value of property that existed in the previous year increased 2%: centrally valued property (CVP) decreased 6.7%; locally assessed property (LAP) increased 3.7%; and personal property (PP) decreased 20.2%. New construction amounted to \$820,524,225 (2.3% of total NAV): CVP 14.6% (\$119.9M); LAP 49.6% (\$406.9M); and PP 35.8% (\$293.7M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	1.3609	1.4009	0.0400	1.3343	\$471,193,529	\$506,222,142	\$35,028,613	7.4%
Library	0.0556	0.0556	0.0000	0.0545	\$19,250,761	\$20,091,335	\$840,574	4.4%
Flood Control	0.1592	0.1792	0.0200	0.1537	\$49,512,136	\$58,463,580	\$8,951,444	18.1%
TOTALS	1.5757	1.6357	0.0600		\$539,956,426	\$584,777,057	\$44,820,631	8.3%

Primary Levy

The primary tax rate increased \$0.0400, from \$1.3609 to \$1.4009, which exceeded the County's TNT rate of \$1.3343 but was below the maximum tax rate of \$1.8149. The County was required to publish notice and hold a public hearing regarding the tax increase. The primary levy increased 7.4% to \$506,222,142. The County's constitutional levy limit was \$655,823,089.

Library District

The County kept the Library District tax rate the same in FY 2017 at \$0.0556. Since the adopted rate exceeded the \$0.0545 TNT rate, the County was required to adhere to the TNT hearing and publication requirements. The FY 2017 levy increased 4.4% to \$20,091,335. The Library District budget dropped 10.9% to \$26,283,450. The beginning fund balance in FY 2017 dropped 18% to \$11,242,711.

Flood Control District (FCD)

The District's NAV increased 4.9% to \$32,624,765,419. The County increased the tax rate \$0.0200 to \$0.1792, and by doing so, the levy increased 18.1% to \$58,463,580. The County was also required to adhere to the TNT publication and hearing requirements since the adopted tax rate exceeded the TNT rate of \$0.1537. The FCD budget increased 9% to \$109,947,047. The FY 2017 beginning fund balance was \$24,595,506.

Stadium District

Total revenue in the Stadium District was budgeted at \$5,024,959. License & permit revenues were expected to generate \$3,574,876 in FY 2017. Other charges were budgeted at \$1,236,628. The FY 2017 Stadium District budget dropped 0.7% to \$10,639,898. Included in the budget was a debt service payment of 3,705,813. The beginning fund balance in FY 2017 was \$24,616,162.

Other GF Revenues

- State shared sales taxes increased 5% to \$516,863,039.
- State shared vehicle license tax increased 8.4% to \$149,955,458
- PILT dipped 0.2% to \$13,659,917.
- In FY 2017, the County received a one-time distribution of \$4,777,300 to partially offset DJC costs.

Special Revenues

Highway & Transportation Revenue

Revenue in the Road Fund in FY 2017 increased 9.2% to \$118,542,556. The Transportation budget increased 9.4% this year to \$169,646,520. Included in the FY 2017 budget was \$69,105,324 for operations and \$100,221,196 for capital projects. The FY 2017 beginning fund balance was approximately \$118 million.

Jail Sales Tax

The county levies a 1/5-cent sales tax rate to fund its jail operations. In FY 2017, sales taxes were budgeted to increase 2.5% to \$149,670,043 and the MOE payment was \$181,682,790. The County charges cities and towns a booking fee of \$266.41 and per diem of \$81.85 for housing inmates in the County jail facilities. The FY 2017 booking and per diem revenues were budgeted at \$25,686,372.

In FY 2017, the total budget for the Sheriff's office decreased 0.7% to \$349,972,341. According to county officials, the Detention Fund has been out of structural balance since FY 2014. In addition to the required MOE payment, the county transferred another \$32.6 million from the GF to the Detention Fund in FY 2017.

Adult facilities: The adult facilities can hold up to 7,398 inmates and are currently over capacity. Maricopa County does not rent beds to other jurisdictions.

Juvenile facilities: The two juvenile facilities hold up to 330 beds; however, the current operational capacity is 192 between the two facilities. The FY 2016 average daily population was 80%.

Charges to Special Districts/Transportation

The County charged the following amounts for the reimbursement of indirect costs:

- Library District: \$1,432,014
- Flood Control District: \$1,340,900
- Stadium District: \$33,713
- Transportation Fund: \$3,131,650

Expenditures

Employee pay raises: In FY 2016, the county did not award pay raises with the exception of some market adjustments. In FY 2017, the county budgeted for Pay-For-Performance (PFP) raises with an annualized cost to the GF of \$11.5 million and \$21 million to TF.

Employee personnel compensation: The GF budgeted payroll, including EREs, increased 2.6% in FY 2017 to \$549,934,563. TF budgeted payroll, including EREs, increased 1.5% to \$1,118,391,293.

Health benefits: Maricopa County is self-insured and charges each department a composite rate for each employee (\$11,400/year). In FY 2017, the County transferred \$19.2 million to the fund as a result of a 13.6% overall increase in premiums and to replenish adequate reserves in the trust.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$371,880,653	\$380,015,813	2.2%
RETIREMENT	\$67,258,842	\$64,489,051	-4.1%
HEALTHCARE COSTS	\$60,972,660	\$70,189,553	15.1%
OTHER BENEFITS	\$36,125,521	\$35,240,146	-2.5%
GF PAYROLL	\$536,237,676	\$549,934,563	2.6%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$771,708,838	\$775,579,555	0.5%
RETIREMENT	\$119,036,150	\$115,956,731	-2.6%
HEALTHCARE COSTS	\$137,424,243	\$155,253,987	13.0%
OTHER BENEFITS	\$73,451,013	\$71,601,020	-2.5%
TF PAYROLL	\$1,101,620,244	\$1,118,391,293	1.5%

FTEs: In FY 2017, GF FTEs increased 95 to 7,919. TF FTEs increased 115 to 15,154.

Employee vacancy & turnover rates: The budgeted employee vacancy rate is approximately 7.9%. The voluntary turnover rate in FY 2016 was approximately 11%.

Capital Projects

In the FY 2017 budget, the County planned to spend \$290 million on its Capital Improvement Program (CIP):

Transportation (\$100,221,196): Bridge construction/preservation (\$90,000); County arterials (\$23,305,233); Dust mitigation (\$6,243,887); Intelligent Trans. Syst. ITS (\$4,067,000); MAG ALCP projects (\$26,194,639); Partnership support (\$2,045,000); Pavement const/preservation (\$11,384,319); Right-of-way (\$250,000); Safety projects (\$18,585,000); and Traffic improvements (\$8,056,118).

Intergovernmental (\$123,000): Vulture Mountain Study.

County Improvement Fund (\$97,388,194): Computer aided mass appraisal (\$7,677,886); County telephone system (\$5,392,330); enterprise data center (\$4,983,247); enterprise resource planning system (\$6,453,753); infrastructure refresh phase 1 (\$73,586); infrastructure refresh phase 2 (\$4,558,781); jail mgmt information system (\$8,893,241); jail kitchen equipment (\$300,000); jail security system upgrade (\$2,663,250); public safety radio system (\$35,241,579); and southwest justice courts (\$21,150,541).

GF County Improvement (441) (\$17,600,000): Madison Street jail adaptation.

GF County Improvement (445) (\$19,307,847): Adult Probation-Black Canyon FAC (\$3,000,000); Adult Probation-Southport FAC (\$3,000,000); Buckeye Hills Range electric (\$1,751,294); Chambers building (\$1,590,787); East Court improvements (\$7,000,000); Hassayampa (\$1,000,000); Maricopa Regional Trail System (\$532,889); Sheriff HQ Project (\$452,148); Vulture Mountain (\$217,751); West Court Improvements (\$385,000).

Detention Capital Projects (\$31,000,000): Intake Transfer Release Jail.

GF Technology (\$23,989,181): BIX Room Byte Info Exchange (\$2,785,275); Refresh Remote Sites Phase 3 (\$2,452,744); Treasurer Tech System Upgrade (\$18,751,162).

Detention Tech. (\$887,527): CHS electronic health records

Debt

According to the Arizona Treasurer's Report of Long Term Debt, the County held \$252,453,681 in total debt at the end of FY 2016. Of the total debt, \$185,580,000 was in COPs, \$51,095,000 in Revenue bonds, and \$15,778,681 in lease-purchase debt. Additionally, the Maricopa County Stadium District held \$12,685,000 in Revenue bonds. The FY 2017 budgeted debt service payment was \$3.7 million.

MOHAVE COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND FINANCIAL RESOURCES	\$94,472,991	\$93,961,335	-0.5%
GENERAL FUND EXPENDITURES	\$84,282,168	\$80,865,005	-4.1%
TOTAL FUNDS FINANCIAL RESOURCES	\$289,210,025	\$289,436,259	0.1%
TOTAL FUNDS EXPENDITURES	\$266,170,389	\$245,579,203	-7.7%

Overview

The Mohave County FY 2017 GF budgeted financial resources decreased 0.5% to \$93,961,335. Of the total GF resources, the County planned to spend just \$80,865,005, which was 4.1% less than the prior year. The FY 2017 GF beginning fund balance of \$13,971,668 represented nearly 15% of the GF budgeted financial resources and 17% of budgeted expenditures. TF financial resources increased slightly to \$289,436,259 in FY 2017. Of that amount, the County budgeted to spend \$245,579,203, 7.7% less than last year. TF beginning fund balance of \$111,835,210 represented 38.6% of total financial resources and 45.5% of the TF budgeted expenditures.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$12,325,115	\$13,971,668	13.4%
SPECIAL REVENUE	\$36,952,341	\$43,438,696	17.6%
DEBT SERVICE	\$19,768,207	\$15,708,009	-20.5%
CAPITAL PROJECTS	\$3,534,873	\$3,057,106	-13.5%
INTERNAL SVC FUND	\$19,525,418	\$18,660,681	-4.4%
ENTERPRISE FUND	\$24,174,542	\$16,999,050	-29.7%
TOTAL FUNDS	\$116,280,496	\$111,835,210	-3.8%

Net Assessed Value (NAV)

The NAV in Mohave County increased 0.6% to \$1,696,199,992. Current value of property that existed in the previous year dropped 0.8%: centrally valued property (CVP) decreased 9.9%; locally assessed property (LAP) increased 1%; and personal property (PP) decreased 12.9%. New construction amounted to \$23,378,915 (1.4% of total NAV): CVP 14.5% (\$3.4M); LAP 67.9% (\$15.9M); and PP 17.7% (\$4.1M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	1.9696	1.9696	0.0000	1.9849	\$33,203,291	\$33,408,355	\$205,064	0.6%
Flood Control	0.5000	0.5000	0.0000	0.5000	\$7,292,132	\$7,358,068	\$65,936	0.9%
Library	0.2236	0.2236	0.0000	0.2253	\$3,769,423	\$3,792,703	\$23,280	0.6%
T.V.	0.0200	0.0200	0.0000	-	\$337,158	\$339,240	\$2,082	0.6%
TOTALS	2.7132	2.7132	0.0000		\$44,602,004	\$44,898,366	\$296,362	0.7%

Primary Levy

The County maintained the same primary tax rate of \$1.9696, which was just below the TNT rate of \$1.9849 and well below the county's maximum tax rate of \$2.4726. By keeping the tax rate the same, the County's primary levy increased 0.6% to \$33,408,355. The County's constitutional levy limit was \$41,940,241.

Flood Control District

The District's NAV increased \$13,187,081 (0.9%) to \$1,471,613,538. The County continues to levy a property tax rate of \$0.5000, which is the maximum tax rate allowable by statute.

In FY 2017, the District levy increased 0.6% to \$7,358,068. The budget increased slightly to \$13,952,381 (Actual FY 2016 expenditures were \$7,115,460). The FY 2017 beginning fund balance was \$5.4 million.

Library District

The Library District tax rate stayed the same at \$0.2236, which was below the TNT rate of \$0.2253. As a result, the levy generated \$23,280 (0.6%) more in revenue, from \$3,769,423 to \$3,792,703. The total library district budget, which includes donations and grants, decreased from \$13,084,456 to \$12,811,777 (Actual FY 2016 expenditures were \$5,216,647). The FY 2017 beginning fund balance was \$2.2 million.

Television District

Mohave County's TV District was originally created to provide and maintain communication equipment resources for residents. The BOS kept the tax rate the same in FY 2017 at \$0.0200, and as a result, the levy increased 0.6% to \$339,240. The FY 2017 budget dropped \$2,063,390 (47.5%) to \$2,277,884. The FY 2017 beginning fund balance was \$2.2 million.

Other GF Revenues

- State shared sales tax increased \$494,958 (2.4%) to \$21,477,958.
- Auto in Lieu grew \$506,002 (7.7%) to \$7,043,054.
- PILT increased \$240,072 (6.8%) to \$3,746,953.
- The County levies a ¼ -cent sales tax that is used to fund capital projects. In FY 2017, the revenues increased \$100,000 to \$6,495,000.
- In FY 2017, the county received a one-time distribution of \$250,500 to partially offset DJC costs.

Special Revenues

Road Fund

Revenues in the Road Fund increased \$617,326 (4%) to \$16,125,144. In FY 2017, the HURF budget increased \$3,195,541 (15%) to \$24,472,300. The FY 2017 beginning fund balance was \$12.7 million.

Charges to Special Districts

The amounts charged by the County to its special taxing districts in FY 2016 & FY 2017 were as follows:

- Flood Control District: FY 2016 = \$380,817; FY 2017 = \$376,663
- Library District: FY 2016 = \$380,817; FY 2017 = \$376,663
- TV District: FY 2016 = \$380,817; FY 2017 = \$376,663

Expenditures

Employee pay raises: In FY 2017, the county BOS provided various departments the authority to award market adjustments within their existing budgets but awarded no other pay raises.

Employee personnel compensation: The FY 2017 GF budgeted payroll, including EREs, increased 0.8% to \$46,120,592. TF budget payroll, including EREs, increased 1.9% to \$79,625,235.

FTEs: In FY 2017, the GF FTEs increased 4 to 709 and TF FTEs increased 8 to 1,262.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$31,522,452	\$31,555,707	0.1%
RETIREMENT	\$5,000,884	\$5,150,262	3.0%
HEALTHCARE COSTS	\$6,515,336	\$6,736,569	3.4%
OTHER BENEFITS	\$2,724,038	\$2,678,054	-1.7%
GF PAYROLL	\$45,762,710	\$46,120,592	0.8%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$54,106,885	\$54,738,046	1.2%
RETIREMENT	\$7,776,047	\$8,036,672	3.4%
HEALTHCARE COSTS	\$11,482,616	\$12,091,087	5.3%
OTHER BENEFITS	\$4,768,942	\$4,759,430	-0.2%
TF PAYROLL	\$78,134,490	\$79,625,235	1.9%

Employee turnover is approximately 20% countywide. The current employee vacancy rate is unknown.

Jail facilities: The jail facility holds 688 beds, which is approximately 70% full. The FY 2017 budget for jail operations amounted to \$12,153,291.

Enterprise Funds

The FY 2017 budgeted revenue for parks was estimated at \$1,755,730. The budget dropped from \$3,010,726 to \$2,902,392. The FY 2017 beginning fund balance was \$726,542.

In FY 2017, landfill revenues were budgeted at \$2,212,279 and the budgeted expenditures were set at \$14,624,438. The beginning fund balance was \$14.9 million.

Internal Service Funds

The Employee Health Trust budget was \$19,855,469 in FY 2017 and the beginning fund balance was approximately \$9 million.

In FY 2017, the fleet budget was \$2,077,184 and the beginning fund balance was \$2.1 million.

Rather than lease vehicles, the county buys vehicles and charges its departments based on use. The FY 2017 budget for vehicle replacement was \$1,300,193, with a beginning fund balance of \$4.8 million.

Capital Projects

The budget for capital projects in FY 2017 increased from \$2,808,323 to \$4,786,824.

Debt

Based on the Arizona Treasurer's FY 2016 Report of Long Term Debt, Mohave County held \$17,595,000 in Revenue bonds, which was used to construct the jail facilities. The County anticipates the debt will be paid in full in FY 2018. The County also held \$899,183 in lease-purchase debt and the Mohave Airport Authority had \$2,324,756 in lease-purchase debt.

NAVAJO COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$44,887,534	\$41,408,189	-7.8%
TOTAL FUNDS EXPENDITURES	\$120,792,901	\$120,792,901	0.0%

Overview

Navajo County's GF budget in FY 2017 decreased \$3,479,345 (7.8%) to \$41,408,189. The GF beginning fund balance in FY 2017 increased 6.7% to \$4.8 million, which represented 11.6% of the total GF budget. The TF budget remained the same at \$120,792,901. The TF beginning fund balance of \$29,183,506 represented 24% of the total budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$4,500,000	\$4,800,000	6.7%
SPECIAL REVENUE	\$23,168,963	\$23,037,434	-0.6%
DEBT SERVICE	\$1,469,435	\$1,346,072	-8.4%
CAPITAL PROJECTS	\$147,346	\$0	-
TOTAL FUNDS	\$29,285,744	\$29,183,506	-0.3%

Net Assessed Value (NAV)

The NAV in Navajo County decreased 3.6% to \$803,062,466. Current value of property that existed in the previous year dropped 0.6%: centrally valued property (CVP) decreased 3.1%; locally assessed property (LAP) increased 0.6%; and personal property (PP) decreased 2.7%. The county experienced negative net new construction of \$24,447,582: the \$31M drop in CVP was partially offset by an increase of \$6.6M in LAP.

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	0.8417	0.8471	0.0054	0.8471	\$7,009,427	\$6,802,742	-\$206,685	-2.9%
Flood Control	0.3000	0.2878	-0.0122	0.2878	\$1,743,965	\$1,712,037	-\$31,928	-1.8%
Library	0.1000	0.1000	0.0000	0.1006	\$832,702	\$803,062	-\$29,640	-3.6%
Public Health Services	0.2500	0.2500	0.0000	0.2500	\$2,081,926	\$2,007,656	-\$74,270	-3.6%
TOTALS	1.4917	1.4849	-0.0068		\$11,668,020	\$11,325,497	-\$342,523	-2.9%

Primary Levy

The County adopted its TNT rate of \$0.8471, which was just below the county's maximum tax rate of \$0.8813. The FY 2017 levy of \$6,802,742 was below the County's constitutional levy limit of \$7,077,390.

Flood Control District

The District's NAV increased 2.3% to \$594,870,417. The tax rate dropped from \$0.3000 to \$0.2878 in FY 2017 and generated a levy of \$1,712,037, which was 1.8% less than last year. The budget decreased \$410,417 (5.8%), from \$7,072,233 to \$6,661,816. For many years, the County has been building up District reserves to repair the Winslow levee, which is currently in the design phase. The County anticipates the cost to repair is approximately \$60 million, of which 34% will be funded equally by the County and the City of Winslow, and 66% by the U.S. Army Corps of Engineers. County officials do not expect construction to commence for another five or so years. The FY 2017 beginning fund balance was \$6 million.

Library District

The County Library District tax rate remained the same at \$0.1000. The levy of \$803,062 represented a decrease of 3.6% below last year's levy. The Library District budget increased \$44,659 (7.5%), from \$599,145 to \$643,804. The FY 2017 beginning fund balance was \$65,000.

Public Health Services District

The BOS established the District by unanimous vote of the Board in 2002. In FY 2017, the county continues to levy the maximum property tax rate allowed by statute of \$0.2500. The levy dropped 3.6% to \$2,007,656. The MOE payment was \$211,175. The budget (operations only) increased \$692,378 (30.5%) to \$2,959,326. The FY 2017 beginning fund balance was approximately \$190,000.

Other GF Revenues

- Auto in Lieu increased \$167,250 (8.1%) to \$2,234,250.
- State shared sales tax grew \$71,840 to \$11,071,840.
- The budgeted half-cent sales tax decreased \$312,000 (4.6%) to \$6,488,000.
- In FY 2017, the county did not include PILT revenues in the budget; however, the FY 2016 actual revenue received amounted to \$1,647,957.
- In FY 2017, the county received \$550,050 in state lottery funds. Additionally the county received a one-time distribution of \$134,500 to partially offset DJC costs.

Special Revenues

Road Fund

HURF revenue increased \$937,659 (12.3%) to \$8,559,947. Auto in Lieu increased \$81,873 (3.4%) to \$2,476,226. The Public Works/HURF budget grew \$510,379 (3.2%) to \$16,605,197. The FY 2017 beginning fund balance was approximately \$7 million.

Jail Facilities

Adult facilities: The County adult jail facilities hold approximately 460 beds between the Holbrook and Show Low complexes and the average daily inmate population is approximately 65%.

Budgeted Revenues: The County has a contract with BIA to house up to 100 inmates at \$55/inmate day and recently housed state inmates on a temporary basis. During FY 2016, the county received \$1.4 million from housing Federal and state inmates, which is also the amount budgeted in FY 2017. The FY 2017 total budgeted expenditures for jail operations increased 17% to \$6,776,363.

Juvenile Detention: The Juvenile Detention facility houses up to 40 beds and the average occupancy is approximately 30%. The County contracts with BIA for housing juvenile inmates at \$130/day. The County also has a contract with Apache County for \$90,000 to house up to four juveniles. The Juvenile Detention Fund budget dipped \$13,489 (1%) to \$1,218,716.

Charges to Special Districts

- Flood Control District: FY 2016: \$328,504; FY 2017: \$312,463
- Library District: FY 2016: \$200k plus \$224,216 ROS; FY 2017: \$200k plus \$230,542 ROS.
- Public Health Services District: In FY 2016, \$434,367 ROS; FY 2017: \$464,578 ROS.
- HURF: FY 2016: \$818,871 ROS; FY 2017: \$816,977 ROS.

State Budget Flexibility Provision

In FY 2016 and FY 2017, \$1 million was transferred from the flood control district and \$200,000 from the Library District.

Expenditures

Employee pay raises: The County did not budget for employee pay raises in FY 2016. In FY 2017, the County awarded employees with an average 3% one-time distribution. The annualized impact to the GF was \$530k and \$800k to TF.

Employee personnel compensation: In FY 2017, GF payroll, including ERE's, dropped 7.4% to \$25,790,985. TF payroll, including EREs, dropped 3.4% to \$43,416,633.

<i>EMPLOYEE COMPENSATION-GF</i>			
	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$19,069,682	\$17,504,125	-8.2%
RETIREMENT	\$3,300,294	\$3,101,609	-6.0%
HEALTHCARE COSTS	\$3,624,560	\$3,473,502	-4.2%
OTHER BENEFITS	\$1,871,660	\$1,711,749	-8.5%
GF PAYROLL	\$27,866,196	\$25,790,985	-7.4%

<i>EMPLOYEE COMPENSATION-TF</i>			
	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$31,110,445	\$29,895,549	-3.9%
RETIREMENT	\$4,810,587	\$4,643,106	-3.5%
HEALTHCARE COSTS	\$5,974,052	\$5,914,944	-1.0%
OTHER BENEFITS	\$3,062,474	\$2,963,034	-3.2%
TF PAYROLL	\$44,957,558	\$43,416,633	-3.4%

FTEs: In FY 2017, GF FTE's dropped 35 to 386 and TF FTEs decreased 33 to 674. The reduction in FTEs was entirely accomplished through the elimination of vacancies.

Health benefits: On July 1, 2014, Navajo County implemented a self-insured health benefits program in partnership with Summit Healthcare and the Aetna Network. In FY 2017, health insurance premium costs increased 6%, which was distributed proportionately between the County and its employees. The employee-only plan is 90/10 and employee plus dependents is 80/20. The total impact amounted to \$500k (approximately \$300k to the GF).

Employee vacancy & turnover rates: The current vacancy rate is approximately 10% and the voluntary employee turnover rate is 25%.

Capital Projects

In FY 2017, the County's capital projects budget increased from \$5,612,070 to \$7,500,000, which included \$2.5 million for the Northeastern Regional Dispatch Center (NARDC) and \$5 million for regional infrastructure.

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held \$15,862,822 in Revenue bonds. In FY 2014, the County issued \$10,625,000 in 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. The FY 2017 debt service payment was \$2,714,431.

PIMA COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$549,889,508	\$588,342,099	7.0%
TOTAL FUNDS FINANCIAL RESOURCES	\$1,452,435,014	\$1,486,632,889	2.4%
TOTAL FUNDS EXPENDITURES	\$1,166,869,142	\$1,232,771,605	5.6%

Overview

Pima County's FY 2017 GF budgeted expenditures increased 7% to \$588,342,099. The County's GF beginning fund balance was \$59,323,758, which was an 86% increase over last year. The FY 2017 GF beginning fund balance represented 10% of budgeted expenditures. TF financial resources available increased 2.4% to \$1,486,632,889; however, the county only planned to spend \$1,232,771,605. TF beginning fund balance of \$333,754,074 equated to 27% of total budgeted expenditures.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$31,847,551	\$59,323,758	86.3%
SPECIAL REVENUE	\$40,919,599	\$45,000,846	10.0%
DEBT SERVICE	\$15,115,609	\$5,412,494	-64.2%
CAPITAL PROJECTS	\$91,255,768	\$64,777,417	-29.0%
ENTERPRISE FUND	\$130,397,966	\$159,239,559	22.1%
TOTAL FUNDS	\$309,536,493	\$333,754,074	7.8%

Net Assessed Value (NAV)

The NAV in Pima County increased 2.6% to \$7,816,699,760. Current value of property that existed in the previous year increased 0.7%: centrally valued property (CVP) decreased 8.1%; locally assessed property (LAP) increased 1.7%; and personal property (PP) decreased 9.2%. New construction amounted to \$144,653,623 (1.9% of total NAV): CVP 54.7% (\$79.2M); LAP 35.9% (\$51.9M); and PP 9.4% (\$13.6M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	4.3877	4.2896	-0.0981	4.3581	\$334,358,574	\$335,305,153	\$946,579	0.3%
Bonds	0.7000	0.7000	0.0000	-	\$53,342,526	\$54,716,898	\$1,374,372	2.6%
Flood Control	0.3135	0.3335	0.0200	0.3088	\$21,685,425	\$23,643,348	\$1,957,923	9.0%
Library	0.5153	0.5153	0.0000	0.5118	\$39,267,724	\$40,279,454	\$1,011,730	2.6%
TOTALS	5.9165	5.8384	-0.0781		\$448,654,249	\$453,944,853	\$5,290,604	1.2%

Primary Levy

The County dropped its primary tax rate nearly 10 cents to \$4.2896, which was well below the county's maximum tax rate of \$5.1676. Last year, the County increased its tax rate 10 cents in anticipation of making a \$16 million payment to the state for the 1% Cap legislation passed in 2015. The County filed a lawsuit and the Court struck down the 2015 legislation. As a result, the County reversed the tax increase from the prior year since its 1% Cap liability was eliminated. The increase in the FY 2017 NAV coupled with the 10-cent tax rate decrease resulted in a slightly higher levy of \$335,305,153. The County's maximum allowable levy was \$403,935,779.

Debt Service

The County's debt service tax rate remained flat at \$0.7000. The levy increased 2.6% to \$54,716,898. In FY 2017, the debt service budget increased 4.2% to \$115,455,401.

Flood Control District

The District's NAV increased 2.5% to \$7,809,459,732. The levy grew 9% to \$23,643,348. The tax rate increased \$0.0200 to \$0.3335, which exceeded the TNT rate of \$0.3088. As a result, the County was required to adhere to the TNT hearing and publication requirements. The District's budget grew 0.9% to \$17,652,430 (including grants) and the FY 2017 beginning fund balance was approximately \$7 million.

Library District

The Pima County Library District tax rate stayed the same at \$0.5153, which exceeded the TNT rate of \$0.5118. As a result, the County was required to adhere to the TNT hearing and publication requirements. The levy increased 2.6% to \$40,279,454. The total Library District budget increased slightly to \$42,166,526. The County operates 27 branches, a Book Mobile, and main deposit locations at the Pima County Jail and the Juvenile Detention Center. The FY 2017 beginning fund balance was approximately \$10.7 million.

Other Special Taxing District Revenues

Stadium District

In FY 2017, total budgeted revenue in the Stadium District was \$2,428,275. The revenue in the Stadium District is mostly generated from car and recreational vehicle space rental surcharges of \$1,620,000 and charges for services provided for special events of \$803,275 (mostly from soccer events). An additional \$4,416,693 was transferred in from the County GF to the District as follows: \$2,180,760 from the hotel/motel tax; \$1,058,002 for maintenance of baseball practice fields; and \$1,177,931 in additional GF support. The Stadium District budget increased 3.6% to \$5,398,439. There was a debt service payment of \$2,856,000 included in the FY 2017 budget, which is the required 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 were budgeted to bring in \$112,100,000, 3.3% more than last year.
- Auto in Lieu tax increased \$1,400,000 (5.5%) to \$27,000,000.
- Transient lodging tax dropped \$206,640 (3.7%) to \$5,387,760.
- PILT was expected to generate \$4,616,729 in FY 2017, 45.6% more than last year.
- Additionally, the county received a one-time distribution of \$1,226,900 to partially offset DJC costs.

Other Special Revenues

Transportation

Intergovernmental revenue (HURF) was budgeted to generate \$58,639,114, 10.3% more than last year. The transportation budget increased 4.3% to \$41,393,385. The FY 2017 beginning fund balance was approximately \$8 million.

Sheriff

The County charges \$299.53 to jurisdictions for misdemeanor arrests for the first day and \$89.02/day for the remaining time served. Total revenue budgeted for correctional housing was \$7,970,000 in FY 2017. The adult facility can hold up to 2,377 beds and the estimated average occupancy is 88%. In FY 2017, budgeted expenditures in the Sheriff's office (GF and special revenue funds) remained level at \$157,767,315.

Overhead Charges to Special Districts in FY 2017:

- Library District: \$4.1 million
- Flood Control District: \$2 million
- Transportation Department: \$3 million

Expenditures

Employee pay raises: In FY 2017, the County awarded a two-part employee compensation plan: 6% (salary \$35k or less); 5% (salary \$35,001-\$55,000); 3.5% (salary \$55,001 - \$90,000); and 2% (salary over \$90,0001). The County also awarded a separate decompression plan for Sheriff Deputies, sergeants, corrections officers, and correction sergeants based on longevity ranging from 2% to 20%. The total impact in FY 2017 amounted to \$15.4 million, which increases to \$17.9 million in FY 2018. The County did not award pay raises in FY 2016.

Employee personnel compensation: In FY 2017, the total GF payroll, including EREs, increased 3.5% to \$324,804,223. TF budgeted payroll, including EREs, increased 2% to \$487,839,428.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$218,005,748	\$223,980,485	2.7%
RETIREMENT	\$39,875,941	\$40,230,228	0.9%
HEALTHCARE COSTS	\$34,448,468	\$37,039,175	7.5%
OTHER BENEFITS	\$21,485,402	\$23,554,335	9.6%
GF PAYROLL	\$313,815,559	\$324,804,223	3.5%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$338,926,486	\$342,448,451	1.0%
RETIREMENT	\$53,639,905	\$53,801,414	0.3%
HEALTHCARE COSTS	\$52,516,262	\$56,314,411	7.2%
OTHER BENEFITS	\$33,149,395	\$35,275,152	6.4%
TF PAYROLL	\$478,232,048	\$487,839,428	2.0%

Health benefits: The County has a self-insured medical plan that is run by Aetna as its third party administrator. The county absorbed the \$3.8 million increase in FY 2017.

FTEs: In FY 2017, GF FTEs increased from 4,534 to 4,588 and TF FTEs increased from 7,061 to 7,114. The voluntary employee turnover rate is less than 10% and the vacancy rate is minimal at 2%.

Capital Projects

The total Capital Projects fund, which includes both bond and non-bond projects, was budgeted at \$105,479,169 in FY 2017. The projects were as follows:

- Transportation-\$50,896,922
- Facilities Management-\$31,441,543
- Regional Flood Control District-\$15,632,511
- Community Development-\$3,614,498
- Environmental Quality-\$1,280,615
- Natural Resources, Parks & Recreation-\$1,037,929
- Information Technology (Library Network Lifecycle)-\$750,000
- Office of Sustainability and Conservation-\$525,151
- Sheriff (Regional Public Safety Communications System)-\$300,000

Sources of Funding: Bond/COPs Proceeds (\$36,681,000); Intergovernmental Revenue (\$27,435,634); Operating Transfers (\$18,424,464); Charges for Services/Impact Fees (\$3,186,670); Investment & Miscellaneous Revenue (\$500,285); and Fund Balance decrease (\$20,251,116).

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, Pima County held a total of \$1,191,357,312 in outstanding debt: \$344,620,000 in G.O. bonds; \$669,239,347 in Revenue bonds; and \$177,487,965 in lease-purchase debt.

GO Bond debt: The budgeted payment in FY 2017 was \$54,888,738.

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 2017 was \$18,980,869.

Certificates of Participation (COPs) - The total debt service payment in FY 2017 was \$38,708,574:

- April 2007 – \$30 million to fund the acquisition and improvement of the Justice Building;
- January 2010 – \$20 million to fund the PimaCore project for the acquisition of a countywide resource management system;
- May 2013 – \$80 million, in which \$59 million funded the expansion and improvement of the County’s existing sewer system facilities, (paid off in FY 2016), \$18 million funded the construction and improvement of the Fleet Services’ facility, and \$3 million funded the construction of various Facilities Management improvements;
- February 2014 – \$52 million in COPs to fund the construction of the Public Service Center and Office Tower;
- April 2015 – \$57 million to fund the expansion and improvement of the County’s existing sewer system facilities (anticipated to be paid in full by December 2018);
- April 2016 – \$34 million, in which \$19 million funded the expansion and improvement of the County’s existing sewer system facilities (to be paid off by December 2018) and \$15 million to develop, design and construct a manufacturing and administration headquarters to be used by World View Enterprises, Inc.

Additional Debt Service: The debt service for the Stadium District was \$2,855,500, \$2,134,086 for the Regional Wastewater Reclamation Enterprise Fund, \$60,737,796 for Sewer Revenue Obligations, and \$12,527,463 for Sewer Revenue Bonds.

PINAL COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$172,528,066	\$174,359,922	1.1%
TOTAL FUNDS FINANCIAL RESOURCES	\$421,507,779	\$409,710,527	-2.8%

Overview

Pinal County's GF budget for FY 2017 was \$174,359,922, which represented an increase of 1.1% over last year. The GF beginning fund balance of \$21,883,589 was a decrease of 1.5% and represented 12.6% of the GF budget. The TF budget decreased \$11,797,252 (2.8%) to \$409,710,527. TF beginning fund balance of \$153,997,950 reflected nearly 38% of the TF budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$22,227,657	\$21,883,589	-1.5%
SPECIAL REVENUE	\$85,523,446	\$77,972,639	-8.8%
DEBT SERVICE	\$0	\$345,836	-
CAPITAL PROJECTS	\$65,386,871	\$53,356,198	-18.4%
ENTERPRISE FUND	\$138,420	\$439,688	217.6%
TOTAL FUNDS	\$173,276,394	\$153,997,950	-11.1%

Net Assessed Value (NAV)

The NAV in Pinal County increased 3% to \$2,119,750,926. Current value of property that existed in the previous year increased 0.6%: centrally valued property (CVP) increased 1.6%; locally assessed property (LAP) increased 1.3%; and personal property (PP) decreased 11.2%. New construction amounted to \$50,874,354 (2.4% of total NAV): CVP 23.4% (\$11.9M); and LAP 76.6% (\$39M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	3.9999	3.8699	-0.1300	3.9780	\$82,299,844	\$82,032,242	-\$267,602	-0.3%
Flood Control	0.1700	0.1693	-0.0007	0.1693	\$3,006,838	\$3,093,668	\$86,830	2.9%
Library	0.0970	0.0965	-0.0005	0.0965	\$1,995,821	\$2,045,560	\$49,739	2.5%
TOTALS	4.2669	4.1357	-0.1312		\$87,302,503	\$87,171,470	-\$131,033	-0.1%

Primary Levy

The County dropped its primary tax rate 13 cents to \$3.8699 as a result of the Pima County lawsuit on the 1% Cap legislation. Like Pima County, Pinal County reversed last year's tax rate increase since the County was no longer required to make the \$2.3 million 1% Cap payment as initially anticipated. As a result of the tax rate reduction, the primary property tax levy remained fairly flat at \$82,032,242. The maximum allowable levy was \$130,602,094.

Flood Control District (FCD)

The District's NAV increased \$58,600,501 (3.3%) to \$1,827,329,016. The levy increased 2.9% to \$3,093,668 with the adoption of the TNT rate of \$0.1693. The budget plummeted \$4,915,987 (43.5%) to \$6,379,756. The FY 2017 beginning fund balance was \$8.1 million.

Library District

The Library District levy was \$49,739 (2%) higher than last year at \$2,045,560 with the adoption of the TNT rate of \$0.0965. The total Library District budget increased \$32,669 to \$2,168,998. The FY 2017 beginning fund balance was \$811,000.

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 with a 0.10-cent sales tax rate. The sales tax revenue that supports the District budget increased 3.3% to \$2,840,057. The budget decreased \$173,928 (2.3%) to \$7,363,884. The FY 2017 beginning fund balance was \$4.1 million. The MOE payment was \$1,207,075.

Other GF Revenues

- The half-cent sales tax increased \$952,692 (6.8%) to \$15,063,692.
- State shared sales tax grew \$1,290,602 (4.1%) to \$32,602,602.
- Auto in Lieu is up \$888,210 (9.3%) to \$10,467,210.
- PILT increased \$13,105 to \$1,249,986.
- Building permit revenues increased \$645,633 (39%) to \$2,300,000.
- Additionally, the county received a one-time distribution of \$470,300 to partially offset DJC costs.

Special Revenue Funds

Roads

HURF revenue was down \$553,679 (2.1%) to \$25,664,402. The HURF budget increased \$13,564,521 (44.7%) to \$43,908,378. The FY 2017 beginning fund balance for the Public Works Highway Fund was \$25.7 million.

Jail Facilities

Adult Jail: The adult facility has a maximum of 1,503 beds with an average daily occupancy of approximately 47%. The County lost its contract with ICE a few years ago, which previously provided \$11 million in revenue. Revenues from renting beds dropped dramatically as a result and amount to approximately \$2 million in FY 2017 for boarding other federal, state and local prisoners. An additional amount of \$4,300,000 was budgeted for contract prisoner fees.

Juvenile: The juvenile facility holds 96 beds, with an average occupancy of 24%. 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

- FCD: In FY 2016, \$44,000 was charged to the FCD and \$80,000 in FY 2017.
- Library: In FY 2016, the County charged \$650,950 to the District and \$791,000 in FY 2017.
- Public Health Services: The County did not charge the District in FY 2016. In FY 2017, the County charged the District \$136,000 in indirect costs.
- Road Fund: FY 2016 and FY 2017, the county charged the road fund \$2.4 million for indirect costs.

State Budget Flexibility Provision

In FY 2016 and FY 2017, \$1 million was shifted from the FCD to the GF using the state budget provision.

Expenditures

Employee pay raises: In FY 2016, the County awarded employees with the 1st of a 3-year phase in of market adjustments based on a classification and compensation study that was completed in the past year. The annualized cost to the GF was \$500,000 and \$1 million in TF. In FY 2017, the County awarded employees with the 2nd phase of the comp study, which was intended to fix compression issues between employees. The impact to the GF was \$2 million and \$4 million in TF.

Employee personnel compensation: In FY 2017, GF budgeted payroll, including EREs, decreased 0.2% to \$100.3 million. Total payroll, including EREs, increased 0.5% to \$139.5 million.

Health benefits: The County currently pays an average of approximately 93% of the employee costs and 62% for dependents. The cost of employee health benefits remained unchanged in FY 2017.

FTEs: In FY 2017, GF FTEs decreased 5 to 1,405 and total FTEs increased 22 to 2,008.

Employee vacancy & turnover rates: The County has a vacancy rate factor of approximately 7%. The County does not currently calculate a turnover rate.

EMPLOYEE COMPENSATION-GF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$72,756,994	\$72,035,102	-1.0%
RETIREMENT	\$10,172,584	\$10,512,196	3.3%
HEALTHCARE COSTS	\$10,912,979	\$11,007,709	0.9%
OTHER BENEFITS	\$6,730,301	\$6,771,070	0.6%
GF PAYROLL	\$100,572,858	\$100,326,077	-0.2%

EMPLOYEE COMPENSATION-TF	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$100,295,192	\$100,033,964	-0.3%
RETIREMENT	\$13,651,906	\$14,050,641	2.9%
HEALTHCARE COSTS	\$15,529,634	\$15,910,972	2.5%
OTHER BENEFITS	\$9,282,616	\$9,487,071	2.2%
TF PAYROLL	\$138,759,348	\$139,482,648	0.5%

Capital Projects:

In FY 2017, the County budgeted \$61,750,435 in capital projects, which included the following:

- Countywide projects (miscellaneous): \$1,019,000
- Countywide computer projects: \$1,485,000
- Public Works/Kelvin Bridge: \$5,658,419
- Public works/Gantzel Rd.: \$6,510,590
- Fairgrounds: \$102,000
- Bond Projects: \$46,975,426
 - Superior Court expansion: \$13.6 million
 - P25 Radio system: \$9.1 million
 - Ironwood Dr. safety improvements: \$4.5 million
 - Hunt Highway (various phases): \$19.7 million

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held \$162,960,000 in Revenue bonds. Total debt service payments in FY 2017 amounted to \$15,209,453:

DEBT SERVICE	
LONG-TERM CARE GADA 2008	\$345,836
ANIMAL CONTROL GADA 2008	\$211,964
VARIOUS PROJECTS GADA 2009	\$1,576,025
2010 REFUNDING BONDS	\$2,497,475
2010 BONDS GF	\$407,769
2010 BONDS PUBLIC HEALTH CLINICS	\$361,606
2014 REVENUE BONDS GF	\$1,393,450
2014 REVENUE BONDS PW	\$1,009,050
2014 REVENUE BONDS GANTZEL	\$5,128,100
2015A TAX EXEMPT REVENUE BONDS	\$1,882,125
2015B TAXABLE REVENUE BONDS	\$396,053
TOTAL DEBT SERVICE	\$15,209,453

SANTA CRUZ COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$29,249,776	\$29,030,538	-0.7%
TOTAL FUNDS EXPENDITURES	\$76,145,313	\$70,464,737	-7.5%

Overview

Santa Cruz County's FY 2017 GF budget dipped 0.7% to \$29,030,538. The FY 2017 GF beginning fund balance was \$10,300,948, which reflected 35.5% of the GF budget. The FY 2017 TF budget dropped 7.5% to \$70,464,737. The large decrease in the FY 2017 budget was mainly the result of the loss in federal and state grants. TF beginning fund balance of \$19,546,637 represented 27.7% of the total budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$10,416,151	\$10,300,948	-1.1%
SPECIAL REVENUE	\$10,630,545	\$7,348,489	-30.9%
DEBT SERVICE	\$103,207	\$315,218	205.4%
CAPITAL PROJECTS	\$323,029	\$279,319	-13.5%
ENTERPRISE FUND	\$1,497,625	\$1,302,663	-13.0%
TOTAL FUNDS	\$22,970,557	\$19,546,637	-14.9%

Net Assessed Value (NAV)

The NAV in Santa Cruz County decreased 2.4% to \$309,834,858. Current value of property that existed in the previous year decreased 5.3%: centrally valued property (CVP) decreased 0.5%; locally assessed property (LAP) decreased 5.7%; and personal property (PP) decreased 12.8%. New construction amounted to \$9,369,302 (3% of total NAV): CVP 1.1% (\$104k); and LAP 98.9% (\$9.3M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	3.8086	3.8086	0.0000	4.0229	\$12,087,325	\$11,800,370	-\$286,955	-2.4%
Flood Control	0.7617	0.7617	0.0000	0.8046	\$2,176,809	\$2,125,714	-\$51,095	-2.3%
TOTALS	4.5703	4.5703	0.0000		\$14,264,134	\$13,926,084	-\$338,050	-2.4%

Primary Levy

The primary property tax rate remained the same at \$3.8086. The FY 2017 tax rate was below the TNT rate of \$4.0229 and the maximum tax rate of \$4.7994. As a result of the rate remaining the same, the levy decreased 2.4% to \$11,800,370. The constitutional maximum allowable levy was \$14,870,214.

Flood Control District

The District's NAV decreased 2.3% to \$279,075,015. The tax rate levied by the county remained the same at \$0.7617, which was below the TNT rate of \$0.8046. As a result, the levy dropped 2.3% to \$2,125,714. The budget decreased 3.1% to \$2,796,821 and reserves dropped 80% to \$871,910 due to completion of the Chula Vista Bridge project.

Other GF Revenues

- Auto in Lieu tax revenues increased \$50,000 to \$1,550,000.
- The half-cent sales tax is down \$100,000 to \$2,400,000.
- State shared sales tax grew \$300,000 (6.5%) to \$4,900,000.
- PILT stayed the same at \$875,000 (actual PILT received in FY 2016 amounted to \$1,072,786).

- In FY 2017, the county received \$550,050 in state lottery funds. Additionally the county received a one-time distribution of \$59,300 to partially offset DJC costs.

Special Revenue Funds

Road fund revenue is down \$25,000 to \$4,850,000. The Road Fund budget increased 8.5% to \$6,538,688. The FY 2017 beginning fund balance was approximately \$2 million.

Jail District

Voters approved the Jail District in November 2005 with the ability to levy a ½-cent sales tax to fund the district. In FY 2017, total revenues were expected to drop 1.6% to \$4,458,856, which included a combination of the ½-cent sales tax revenue (\$2,400,000) and revenue from renting beds to other entities (\$2,058,856).

Adult facilities: The adult jail facility holds 377 beds and the average occupancy is approximately 35%. Like other Arizona counties, Santa Cruz County has experienced a dramatic decline in the housing federal inmates. However, the county did house approximately 25 inmates recently for the US Marshals and Border Patrol. The Jail District budget grew 2.4% to \$8,319,144 (includes \$2,197,579 for Juvenile Detention and \$65,713 for courtroom construction). The MOE payment was approximately \$3.2 million.

Juvenile jail facility: The juvenile facility was completed in 2010 and holds 32 beds. The current occupancy is approximately at 25% and the majority of juveniles are Mexican nationals. The county does not rent beds in its juvenile facility.

Charges to Special Districts: The transfers listed below are for the reimbursement of county services:

- **Flood Control District:** approximately \$110k in FY 2016 & FY 2017.
- **Road Fund:** approximately \$280k for FY 2016 & FY 2017.

Expenditures

Employee pay raises: In FY 2016 & FY 2017, the County awarded employees with a 5% increase in both years. The FY 2016 GF impact was \$372k and \$735k to TF. In FY 2017, the estimated GF annualized impact was \$470k and \$860k to TF.

Employee personnel compensation: In FY 2017, GF budgeted payroll, including EREs, increased 11.7% to \$13,824,425. Total payroll, including EREs, increased 5.8% to \$25,086,412.

Health benefits: Health insurance premiums increased 4.3% in FY 2017, which was entirely absorbed by the county. The impact to the GF was \$57k and \$112k to TF.

FTEs: In FY 2017, budgeted GF FTEs increased 30 to 203 and total FTEs increased 41 to 401.

Employee vacancy & turnover rates: The County employee vacancy rate is less than 5% and the estimated employee turnover rate is less than 1%.

<i>EMPLOYEE COMPENSATION-GF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$8,492,240	\$9,404,104	10.7%
RETIREMENT	\$1,479,416	\$1,685,236	13.9%
HEALTHCARE COSTS	\$1,469,168	\$1,737,217	18.2%
OTHER BENEFITS	\$934,667	\$997,868	6.8%
GF PAYROLL	\$12,375,491	\$13,824,425	11.7%

<i>EMPLOYEE COMPENSATION-TF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$16,469,607	\$17,232,573	4.6%
RETIREMENT	\$2,701,369	\$2,793,609	3.4%
HEALTHCARE COSTS	\$2,854,760	\$3,296,375	15.5%
OTHER BENEFITS	\$1,689,644	\$1,763,855	4.4%
TF PAYROLL	\$23,715,380	\$25,086,412	5.8%

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 FY 2017 budgeted debt service payment was slightly more than \$600,000.

Capital Projects

The FY 2017 capital projects budget was \$439,319 and contained the following: Apron reconstruction (\$160,000); Airport Master Plan update (\$6,800); Courthouse construction (\$53,475); and Jail District construction (\$219,044).

Debt

According to the Arizona Treasurer's FY 2016 Report of Long Term Debt, the County held a total of \$55,017,188 in debt. Of the total, \$47,270,000 was in Revenue bonds and \$7,747,188 in lease-purchase debt. The budgeted debt service payment in FY 2017 was \$1,243,156.

Additionally, the County Jail District held \$33,645,000 outstanding in Revenue bonds at the end of FY 2016. The FY 2017 budgeted debt service payment was \$3.2 million. The debt in the Jail District is scheduled to be paid off in 2031.

YAVAPAI COUNTY

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$95,545,575	\$97,930,243	2.5%
TOTAL FUNDS FINANCIAL RESOURCES	\$235,390,904	\$233,088,206	-1.0%
TOTAL FUNDS EXPENDITURES	\$198,710,350	\$205,405,603	3.4%

Overview

The FY 2017 County GF budget increased 2.5% to \$97,930,243. The GF beginning fund balance of \$8,761,778 represented 8.9% of the GF budget. Of the \$233,088,206 available in TF financial resources, the county budgeted to spend \$205,405,603. TF beginning fund balance of \$56,781,262 represented 27.6% of the TF budgeted expenditures and 24% of TF financial resources.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$9,367,953	\$8,761,778	-6.5%
SPECIAL REVENUE	\$54,735,407	\$48,019,484	-12.3%
TOTAL FUNDS	\$64,103,360	\$56,781,262	-11.4%

Net Assessed Value (NAV)

The NAV in Yavapai County increased 2.9% to \$2,344,409,942. Current value of property that existed in the previous year increased 1.5%; centrally valued property (CVP) decreased 6%; locally assessed property (LAP) increased 3%; and personal property (PP) decreased 7.7%. New construction amounted to \$30,440,141 (1.3% of total NAV): CVP 15.4% (\$4.7M); and LAP 84.6% (\$25.8M).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	1.9317	1.9027	-0.0290	1.9027	\$44,026,986	\$44,606,170	\$579,184	1.3%
Flood Control	0.2060	0.1976	-0.0084	0.2005	\$4,092,000	\$4,092,000	\$0	0.0%
Library	0.1667	0.1907	0.0240	0.1642	\$3,800,000	\$4,470,000	\$670,000	17.6%
TOTALS	2.3044	2.2910	-0.0134		\$51,918,986	\$53,168,170	\$1,249,184	2.4%

Primary Levy

The county adopted its TNT rate of \$1.9027. As a result, the primary property tax levy increased 1.3% to \$44,606,170. The County's constitutional maximum allowable levy was \$53,562,734 and the maximum tax rate was \$2.2847.

Flood Control District

The District's NAV increased 4.3% to \$2,071,228,298. The County held the levy at \$4,092,000 by adopting the tax rate of \$0.1976, which was below the District's TNT rate of \$0.2005. The budget decreased 9.9%, from \$7,255,018 to \$6,533,815, and the FY 2017 beginning fund balance was \$2,241,815.

Library District

The county BOS adopted a tax rate of \$0.1907 to fund the Library District, which exceeded the District's TNT rate of \$0.1642. As a result, the County was required to adhere to the TNT hearing and publication requirements regarding the 17.6% increase in the District's levy to \$4,470,000. The total Library District budget increased 30.5%, from \$4,302,362 to \$5,616,637. The FY 2017 beginning fund balance was -\$18,187.

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.

Other GF Revenues

- The County apportions its GF ½-cent sales tax as follows: 45% to the GF, 40% to regional roads, and 15% for capital improvements. The total budgeted ½-cent sales tax for FY 2017 was \$16,860,315, 7.3% more than last year.
- VLT increased 10%, from \$7,641,959 to \$8,403,947.
- State shared sales tax grew 4%, from \$26,596,284 to \$27,662,507.
- The county budget did not include PILT revenues; however, the FY 2016 actual revenues amounted to \$3,426,804.
- The county received a one-time distribution in FY 2017 of \$264,100 to partially offset DJC costs.

Special Revenue Funds

Road Fund

In FY 2017, total revenues in the Public Works funds (HURF and Regional Roads) increased 9.8%, from \$21,192,915 to \$23,276,267 (Includes \$6,744,126 in the ½-cent sales tax for regional roads reported above). The FY 2017 beginning fund balance was \$15,638,662. The total Public Works budget increased 19.8%, from \$32,235,936 to \$38,614,557.

Jail District

Yavapai County voters approved the Jail District in November 1999 with the authority to levy a ¼-cent sales tax rate to fund the District. In FY 2017, the sales tax was budgeted to generate \$8,418,219, 7.2% 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 average occupancy of the Verde Valley facility was approximately 80% in FY 2016. In FY 2017, the County estimated \$860,000 in revenues from renting beds to the Arizona Department of Corrections and the Bureau of Indian Affairs.

The juvenile jail facility was built during FY 2013. The facility holds 80 beds and the average occupancy was approximately 24% in FY 2016.

In FY 2017, the MOE payment increased 2.9% to \$7,443,586. The Jail District budget grew 4.4% to \$17,887,463. In FY 2017, medical costs in the jail were budgeted at \$3,045,634, 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 FY 2017 beginning fund balance was \$776,890.

Charges to Special Districts

- Flood Control District: In FY 2016 and FY 2017, the County charged the District \$590,000 for administrative costs.
- Library District: In FY 2016, the County charged the District \$541,574 for administrative costs. In FY 2017, the county charged the district \$600,586.

Expenditures

Employee pay raises: In FY 2016, the county budgeted \$938,000 (GF=\$529,000) for a 2% COLA, effective January 1, 2016. In FY 2017, the county budgeted for a maximum 3% merit raise for employees effective October 23, 2016. The estimated annualized impact to TF was approximately \$2 million and \$1.2 million to the GF.

Employee personnel compensation: In FY 2017, the GF budgeted payroll, including EREs, increased 4.4% to \$62,948,912.

Total budgeted payroll, including EREs, remained level at \$106,854,149.

<i>EMPLOYEE COMPENSATION-GF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$42,246,103	\$43,960,629	4.1%
RETIREMENT	\$7,035,467	\$7,399,498	5.2%
HEALTHCARE COSTS	\$7,105,933	\$7,391,535	4.0%
OTHER BENEFITS	\$3,924,405	\$4,197,250	7.0%
TOTAL PAYROLL	\$60,311,908	\$62,948,912	4.4%

<i>EMPLOYEE COMPENSATION-TF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$74,814,352	\$75,145,111	0.4%
RETIREMENT	\$11,063,219	\$11,580,579	4.7%
HEALTHCARE COSTS	\$12,311,528	\$12,777,349	3.8%
OTHER BENEFITS	\$8,613,607	\$7,351,110	-14.7%
TOTAL PAYROLL	\$106,802,706	\$106,854,149	0.0%

Health benefits: The County pays 100% of employee benefit costs and 25% for dependents. Health insurance premiums increased 2% in FY 2017 and the cost was proportionately shared between the county and its employees. The total impact of the increase amounted to \$291,000 and \$142,100 to the GF.

FTEs: The budgeted GF FTEs in FY 2017 increased from 875 to 900. The total budgeted FTEs increased from 1,552 to 1,568.

Employee vacancy & turnover rates: The voluntary employee turnover rate is approximately 21% and the County does not currently budget for vacancies.

Capital Projects

The County budgeted \$582,701 in capital projects in FY 2017, which includes \$428,500 in contingency.

Debt

According to the Treasurer's FY 2016 Report of Long Term Debt, the County held \$19,471,996 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

BUDGET	FY 2016	FY 2017	% CHG
GENERAL FUND EXPENDITURES	\$78,913,045	\$83,949,570	6.4%
TOTAL FUNDS EXPENDITURES	\$245,476,491	\$248,562,675	1.3%

Overview

Yuma County's FY 2017 GF budget increased 6.4% to \$83,949,570. The FY 2017 GF beginning fund balance of \$15,707,676 was an increase of 33.4% over last year and represented 18.7% of the GF budget. The FY 2017 TF budget increased 1.3% to \$248,562,675. The TF beginning fund balance of \$80,621,536 equated to 32.4% of the TF budget.

BEGINNING FUND BALANCES	FY 2016	FY 2017	% CHG
GENERAL FUND	\$11,774,639	\$15,707,676	33.4%
SPECIAL REVENUE	\$48,826,847	\$53,332,538	9.2%
DEBT SERVICE	\$4,687,953	\$662,739	-85.9%
CAPITAL PROJECTS	\$4,709,532	\$2,661,452	-43.5%
IMP. DISTRICT FUNDS	\$1,082,244	\$1,028,576	-5.0%
INTERNAL SVCS FUND	\$6,977,971	\$7,228,555	3.6%
TOTAL FUNDS	\$78,059,186	\$80,621,536	3.3%

Net Assessed Value (NAV)

The NAV in Yuma County decreased 0.4% to \$1,116,022,260. Current value of property that existed in the previous year decreased 2.2%: centrally valued property (CVP) decreased 2.9%; locally assessed property (LAP) decreased 1.8%; and personal property (PP) decreased 7.9%. New construction amounted to \$20,745,527 (1.9% of total NAV): CVP 40.1% (\$8.3M); LAP 58.5% (\$12.1M); and PP 1.4% (\$282k).

Property Tax Revenues

	FY 2016 RATE	FY 2017 RATE	CHANGE	TNT	FY 2016 LEVY	FY 2017 LEVY	CHANGE	% CHANGE
Primary	2.4132	2.4684	0.0552	2.4684	\$27,036,032	\$27,548,119	\$512,087	1.9%
Flood Control	0.2794	0.2794	0.0000	0.2825	\$2,528,924	\$2,535,437	\$6,513	0.3%
Library (Ops)	0.5983	0.6202	0.0219	0.6120	\$6,702,991	\$6,921,049	\$218,058	3.3%
Library (Bonds)	0.2995	0.2773	-0.0222	-	\$3,355,125	\$3,094,931	-\$260,194	-7.8%
TOTALS	3.5904	3.6453	0.0771		\$39,623,072	\$40,099,536	\$476,464	1.2%

Primary Levy

The County adopted a primary levy of \$27,548,119, which was an increase of \$512,087 (1.9%) above last year, as a result of adopting the TNT rate of \$2.4684. The constitutional maximum allowable levy was \$29,845,784 and the maximum tax rate was \$2.6743.

Flood Control District

In FY 2017, NAV in the District increased 0.2% to \$907,457,627. The county levied the same rate as last year of \$0.2794, which was lower than the District's TNT rate of \$0.2825. By keeping the tax rate the same, the levy increased 0.3% to \$2,535,437. The FY 2017 budget increased 6.6% to \$21,201,097. The District's FY 2017 beginning fund balance was \$17,724,259. The reserves are held to fund several large projects including the Smucker Park Detention Basin, W. Yuma Mesa Storm Drainage improvements and land purchases, improvements for basins and foothills area drainage improvements.

Library District

The Library District levy for operations increased 3.3% to \$6,921,049 as a result of the rate increasing from \$0.5983 to \$0.6202. The levy for bonds decreased from \$0.2995 to \$0.2773. The reduced rate resulted in the levy dropping 7.8% to \$3,094,931. The combined tax rate decreased slightly from \$0.8978 to \$0.8975. The District's operations budget in FY 2017 decreased 2.3% to \$15,176,850. The budgeted debt service for the District's outstanding G.O. bonds dropped from \$7,327,029 to \$3,108,948. The beginning fund balance in FY 2017 in the Library District was \$4,738,380 (Operations = \$4,626,546; LSTA Grants=\$10,089; other grants=\$41,465; Debt Service=\$14,018; and capital projects=\$46,262).

Other GF Revenue

- Auto in Lieu grew 10.3%, from \$6,887,093 to \$7,595,453, and was distributed as follows: \$5,395,453 (GF); \$1,100,000 (HURF-Public Works); and \$1,100,000 (HURF-Development Services).
- The budgeted half-cent County sales tax increased 3.4% to \$12,516,300.
- State shared sales tax rose 4.8% to \$20,698,361.
- PILT remained the same at \$3,476,376.
- In FY 2017, the county received \$550,050 in state lottery funds. Additionally, the county received a one-time distribution of \$245,000 to partially offset DJC costs.

Special Revenue Funds

HURF (Road) Fund

The County's HURF revenues increased 16.9%, from \$11,562,000 to \$13,427,000. The total revenues included the Auto in Lieu revenues stated above, in which \$1.1 million was distributed both to the Development Services budget and Public Works in FY 2017. The HURF fund budget grew 9.9% to \$32,095,312 (\$21,225,593 in the Development Services fund and \$10,869,721 in Public Works). The FY 2017 beginning fund balances for HURF included \$15,586,786 in DDS HURF and \$3,101,526 in PW HURF.

Jail District

In FY 2017, the Yuma County Jail District budgeted sales tax revenues increased 3.4% to \$12,516,300. The tax was renewed by voters in May 2011 and is scheduled to expire in 2035. The adult facility holds 757 beds and the average occupancy is approximately 73%. The County rents beds at \$78/day for total budgeted revenues of \$70,000 from the federal government, \$24,000 from other entities, and \$5,500 from cities. Medical expenses were budgeted at \$725,000 in FY 2017.

The juvenile facility holds 68 beds, which are rented to La Paz County and the Cocopah Tribe at an estimated \$78,840 in FY 2017. The average occupancy is approximately 44%.

The FY 2017 beginning fund balance in the Jail District was \$2,225,172. The budget grew 5.2% to \$22,815,404 and the MOE payment increased 2.5% to \$6,885,255.

Public Health Services District

The County BOS created the District in April 2005, which is funded with a local sales tax rate of 0.112%. The sales tax was estimated to produce \$2,803,651 in FY 2017, up 6.4% from last year. The MOE payment for the District was \$786,898. The budget increased 4.4% to \$5,244,193 and the FY 2017 beginning fund balance was \$1,319,897.

Charges to Special Districts

- Flood Control District (\$2/parcel): FY 2016 & FY 2017 = \$177,100
- Jail District: FY 2016=\$609,912; FY 2017=\$409,965

- Public Health Services District: FY 2016=\$751,594; FY 2017=\$711,771
- Library District: FY 2016=\$306,936; FY 2017=\$306,936
- HURF: FY 2016=\$117,480; FY 2017=\$119,000
- Public Works: FY 2016=\$349,639; FY 2017=\$301,000

State Budget Flexibility Provision

In FY 2016, the county transferred \$10,539 from the Library District for cleaning and maintenance of the South County facility.

In FY 2017, the County transferred another \$10,911 from the Library district for the South County facility. For the purpose of long-term financial forecasting, assessment and planning, the county transferred an additional \$4,148 from the Library District, \$10,080 from the FCD, \$2,207 from the PHSD, \$9,326 from the Jail District, and \$14,321 from HURF.

Expenditures

Employee pay raises: In FY 2016, the county awarded employees with raises as a result of their compensation study, which amounted to the greater of \$600 or 1% of the employees' annual salary. The annualized cost to the GF was \$420,000 and \$743,573 to TF. In FY 2017, employees were given a 2% raise. The annualized cost to the GF was \$1,138,938 and \$1,769,096 to TF.

Employee personnel compensation: The GF budgeted payroll, including EREs, increased 0.7% to \$45,515,365 in FY 2017. TF budgeted payroll, including EREs, increased 0.4% to \$92,817,536.

Health benefits: The County pays 90% to 100% of health insurance costs for employees depending on the Plan and 65% to 79% for dependents. The 4% increase in costs in FY 2017 were absorbed entirely by the county at a cost of \$6,131,916 to the GF and \$12,934,160 to TF.

FTEs: In FY 2017, GF FTEs increased from 656 to 659. TF budgeted FTEs decreased from 1,439 to 1,432.

Vacancy & turnover rates: The current employee vacancy rate is approximately 5% and the voluntary turnover rate is 7.9%.

Capital Projects

The Capital Projects budget in FY 2017 amounted to \$3,692,551 and consisted of the following:

- County administration: \$1,340,000
- General County Projects: \$1,240,535
- Library District: \$46,252
- Sheriff-Jail District: \$31,533
- El Prado Capital Projects: \$1,034,231

<i>EMPLOYEE COMPENSATION-GF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$31,246,688	\$31,992,085	2.4%
RETIREMENT	\$4,751,523	\$4,822,170	1.5%
HEALTHCARE COSTS	\$6,635,178	\$6,144,017	-7.4%
OTHER BENEFITS	\$2,571,859	\$2,557,093	-0.6%
TOTAL PAYROLL	\$45,205,248	\$45,515,365	0.7%

<i>EMPLOYEE COMPENSATION-TF</i>	FY 2016	FY 2017	% CHG
BUDGETED SALARIES	\$64,324,719	\$65,145,162	1.3%
RETIREMENT	\$9,016,047	\$9,191,076	1.9%
HEALTHCARE COSTS	\$13,546,703	\$12,960,685	-4.3%
OTHER BENEFITS	\$5,558,644	\$5,520,613	-0.7%
TOTAL PAYROLL	\$92,446,113	\$92,817,536	0.4%

Debt

According to the Treasurer's FY 2016 Report of Long Term Debt, the total outstanding lease-purchase debt for the county was \$6,634,000. The budgeted debt service payment in FY 2017 was \$507,969. The debt was used to repay bond on the East County facility (\$2.1 million) and remodel of the 197 S. Main facility (\$5.4 million).

Library District: As of June 30, 2016, the total G.O. debt for the Library District was \$38,320,000. The FY 2017 debt service payment was budgeted at \$3,108,949. The debt is scheduled to be paid off in FY 2035.

Jail District: The outstanding debt as of June 30, 2016 in the Jail District was reported at \$4,484,996 and the budgeted debt service payment in FY 2017 was \$1,020,344. The debt will be paid off in FY 2021.