

FY 2009 BUDGET REVIEW

Arizona Counties

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Serving Arizona's Taxpayers Since 1940

Introduction

In an effort to promote transparent use of taxpayer dollars, as well as compliance with budget and tax laws, ATRA staff annually reviews the budgets of every Arizona county, community college district, as well as selected cities and school districts. The following report includes information compiled by ATRA staff while reviewing the budgets of Arizona's 15 counties.

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

Budgeted revenue projections are broken down by general fund and special revenue funds. A detailed summary of each county's budgeted expenditures is also provided, which includes the budgeted amounts for employee compensation, payroll, health benefit insurance coverage, full time equivalents (FTE's), along with vacancy and turnover rates. Finally, specific information regarding plans to incur future voter-approved and non-voter approved debt are included, and the status and breakdown of the current outstanding debt obligations.

The following summaries were provided to all counties for review and feedback prior to distribution of this publication.

Net Assessed Values (NAV)

The average percentage growth in statewide secondary net assessed values amounted to nearly 20% in FY 2009, which now exceeds \$86 billion. Primary NAV's grew 16% and have now reached \$67.5 billion. Approximately 40% of the growth in value is the result of new construction.

The secondary value in Greenlee County increased almost 54%. Following Greenlee was Pinal with a 48% increase in values, and Graham County with 35%. The main reason for the significant value growth in these counties was mainly due to new construction.

County	Primary NAV			Secondary NAV		
	FY 2008	FY 2009	% Chg.	FY 2008	FY 2009	% Chg.
Apache	\$336,596,256	\$435,342,926	29.3%	\$352,863,759	\$471,596,971	33.6%
Cochise	\$812,722,290	\$903,521,761	11.2%	\$872,912,337	\$1,018,740,280	16.7%
Coconino	\$1,514,258,140	\$1,686,709,736	11.4%	\$1,744,822,563	\$2,057,478,154	17.9%
Gila	\$453,078,054	\$513,379,379	13.3%	\$477,902,533	\$574,203,136	20.2%
Graham	\$135,117,570	\$175,244,227	29.7%	\$140,072,106	\$189,364,668	35.2%
Greenlee	\$289,217,635	\$445,025,593	53.9%	\$289,414,018	\$445,239,742	53.8%
La Paz	\$170,555,367	\$191,349,824	12.2%	\$200,054,271	\$235,112,575	17.5%
Maricopa	\$38,930,267,550	\$44,881,602,698	15.3%	\$49,534,573,831	\$58,303,635,287	17.7%
Mohave	\$1,890,688,680	\$2,286,744,927	20.9%	\$2,516,012,949	\$3,231,835,989	28.5%
Navajo	\$812,314,271	\$908,393,696	11.8%	\$851,317,372	\$998,760,072	17.3%
Pima	\$7,353,331,088	\$8,230,966,534	11.9%	\$8,220,395,835	\$9,594,861,519	16.7%
Pinal	\$1,908,801,658	\$2,473,499,660	29.6%	\$2,334,827,334	\$3,449,599,026	47.7%
Santa Cruz	\$312,714,438	\$352,686,375	12.8%	\$341,683,683	\$404,365,519	18.3%
Yavapai	\$2,470,265,871	\$2,954,598,732	19.6%	\$2,853,059,731	\$3,746,625,208	31.3%
Yuma	\$937,839,418	\$1,079,816,171	15.1%	\$1,107,186,911	\$1,369,161,501	23.7%
Total	\$58,327,768,286	\$67,518,882,239	15.8%	\$71,837,099,233	\$86,090,579,647	19.8%

Source: Tax year 2008 county adopted rate & levy sheets.

Primary and Secondary Levies

While the secondary NAV's grew 20%, secondary levies increased 9.5%. However, the average growth of 9.5% is dramatically understated. Maricopa and Pima, which make up over 70% of total statewide secondary levies, both limited the growth in their secondary levies by 6.3% and 1.4%, respectively, as a result of reducing the tax rates on their special districts to offset the growth in value. Yuma County also dropped their secondary rates to offset value growth, with secondary levies increasing 6.2%. Eliminating those three counties from the equation, total secondary levies for the remaining 12 counties increased nearly 33%. Counties that had the largest growth in secondary levies, mainly as a result of keeping tax rates the same, or in some cases, increasing tax rates regardless of the growth in value, included Pinal (83.9%), Greenlee (52.7%), Graham (41.3%), and Mohave (31.7%).

County	Primary Levies			Secondary Levies		
	FY 2008	FY 2009	% Chg.	FY 2008	FY 2009	% Chg.
Apache	\$1,603,545	\$2,016,000	25.7%	\$5,159,472	\$6,409,744	24.2%
Cochise	\$23,286,932	\$24,177,338	3.8%	\$3,137,710	\$3,711,394	18.3%
Cocorino	\$6,636,993	\$7,317,594	10.3%	\$5,699,814	\$7,299,012	28.1%
Gila	\$18,621,508	\$20,124,472	8.1%	\$955,805	\$1,148,406	20.2%
Graham	\$2,342,399	\$2,848,639	21.6%	\$96,224	\$135,960	41.3%
Greenlee	\$1,340,524	\$1,563,813	16.7%	\$509,909	\$778,661	52.7%
La Paz	\$3,591,726	\$3,791,587	5.6%	-	-	-
Maricopa	\$430,023,735	\$463,492,311	7.8%	\$89,790,888	\$95,426,159	6.3%
Mohave	\$28,923,756	\$30,434,375	5.2%	\$21,324,761	\$28,091,114	31.7%
Navajo	\$4,907,191	\$5,246,080	6.9%	\$4,040,076	\$4,826,837	19.5%
Pima	\$264,866,986	\$279,431,985	5.5%	\$114,528,192	\$116,139,332	1.4%
Pinal	\$76,701,377	\$84,977,081	10.8%	\$4,377,801	\$8,052,880	83.9%
Santa Cruz	\$9,947,132	\$10,631,046	6.9%	\$1,900,641	\$2,246,341	18.2%
Yavapai	\$37,775,306	\$40,429,914	7.0%	\$7,372,372	\$9,695,539	31.5%
Yuma	\$18,936,814	\$20,327,539	7.3%	\$13,490,595	\$14,328,693	6.2%
Total	\$929,505,924	\$996,809,774	7.2%	\$272,384,260	\$298,290,072	9.5%

Source: Tax year 2008 county adopted rate & levy sheets.

Note: In some cases, the primary taxes levied exceed the constitutional levy limit as a result of the Qwest case.

County General Fund and Total Fund Budgets

The impact of state cost shifts, declining sales tax revenues, increases in health care, criminal justice, and state retirement costs, created challenges for counties in this year's budget process. At the time some counties were adopting their final budgets, or had already adopted their final budgets, the state was still trying to determine how to close the state budget deficit with the help of the counties, along with other governmental jurisdictions. Based on the state budget that was finally adopted in late June, the impact to the counties was more than \$72 million from raiding Highway User Revenue Funds (HURF), increasing Arizona Long Term Care System (ALTCS) contributions, withholding excess ALTCS payments made by the counties in prior years, and shifting DPS lab costs to the counties. In order to make up for the counties loss in revenue, the Legislature gave counties the broad authority to shift secondary property tax revenues to their general funds. Fortunately, at the time of the ATRA budget meetings, most counties rejected the idea.

Most general fund county budgets declined in FY 2009 from the previous year, mainly as a result of reduced sales tax revenues. Greenlee County's general fund grew the most with a 7.4% increase, followed by Yuma with an 8.6% increase, and Mohave County with a 5.4% increase.

The total funds budgets of counties grew by just 0.4% overall. Total funds include the general fund, special revenue funds, enterprise funds, capital projects, and debt service funds. Yavapai County increased their total budget by 15.4%, followed by Gila with a 10% increase, and Greenlee County with 4.2%.

County	General Fund			Total Funds		
	FY 2008	FY 2009	% Chg.	FY 2008	FY 2009	% Chg.
Apache	\$23,740,938	\$23,430,666	-1.3%	\$64,857,629	\$63,972,107	-1.4%
Cochise	\$71,421,942	\$74,004,807	3.6%	\$166,603,438	\$169,302,720	1.6%
Cocorino	\$73,957,719	\$71,604,663	-3.2%	\$210,987,860	\$198,890,286	-5.7%
Gila	\$43,371,850	\$44,604,361	2.8%	\$82,910,553	\$91,170,013	10.0%
Graham	\$19,542,938	\$20,025,216	2.5%	\$30,700,427	\$30,940,136	0.8%
Greenlee	\$7,954,285	\$8,542,493	7.4%	\$15,787,882	\$16,451,834	4.2%
La Paz	\$14,310,133	\$14,202,027	-0.8%	\$31,184,668	\$31,231,776	0.2%
Maricopa	\$1,127,759,863	\$1,069,529,862	-5.2%	\$2,947,535,371	\$3,014,844,107	2.3%
Mohave	\$83,948,320	\$88,489,205	5.4%	\$283,245,819	\$287,496,201	1.5%
Navajo	\$45,913,040	\$47,376,197	3.2%	\$119,637,665	\$120,869,927	1.0%
Pima	\$488,769,648	\$501,413,093	2.6%	\$1,717,985,261	\$1,691,315,092	-1.6%
Pinal	\$190,000,000	\$198,252,939	4.3%	\$475,000,000	\$445,794,271	-6.1%
Santa Cruz	\$33,740,975	\$30,585,355	-9.4%	\$69,215,174	\$69,369,779	0.2%
Yavapai	\$85,296,666	\$82,195,375	-3.6%	\$286,964,944	\$331,062,273	15.4%
Yuma	\$70,064,220	\$76,069,544	8.6%	\$304,176,816	\$272,631,096	-10.4%
Total	\$2,379,792,537	\$2,350,325,803	-1.2%	\$6,806,793,507	\$6,835,341,618	0.4%

Source: FY 2009 County adopted final budgets.

Note: The comparison between FY 2008 and FY 2009 are based on budgeted amounts. General fund and total funds budgets include budgeted contingencies.

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APACHE COUNTY

Overview

- Apache's general fund budget for FY 2009 is \$23,430,666. This represents a decrease of \$310,272 (1.3%), from last year's budget of \$23,740,938.
- The county holds \$7.5 million in unreserved funds, which is 32% of the total general fund.
- The total budget for FY 2009 is \$63,972,107, a decrease of \$885,522 (1.4%), from last year's final budget of \$64,857,629.

Property Tax Revenues

Primary Levy

- The primary levy is increasing \$412,528 (25.7%), from \$1,603,545 to \$2,016,073. The entire increase is the result of new construction.
- Apache County was required to adopt its truth-in-taxation (TNT) rate this year of \$0.4631 since the county did not publish a TNT notice in the newspaper or hold a TNT hearing.

Flood Control District

- The Board decreased the flood control rate this year from \$0.0908 to \$0.0696. The levy will increase slightly from \$147,455 to \$149,147.
- The flood control district budget is increasing from \$150,000 to \$175,000.

Override

- Voters approved a 7-year extension to the secondary override in May 2005. The county override levy is increasing from \$1,742,794 to \$2,114,641, representing a \$371,847 or 21.3% increase. The rate is decreasing from \$0.4939 to \$0.4484.

County Library

- The library district levy increased \$216,642 (12.2%), from \$1,772,082 to \$1,988,724, in which \$655,048 of that amount is levied for voter-approved bonds. The total rate is dropping from \$0.5022 to \$0.4217.
- The library operating budget of \$1,555,986, which is up from last year's budget of \$1,274,406, represents an increase of \$281,580 (22.1%).
- At the November 2006 general election, voters approved \$7.19 million in general obligation bonds to construct new libraries. The debt service payment for the district bonds is increasing from \$732,047 to \$740,486 in FY 2009.
- The county is transferring \$251,293 from the library district to the general fund for reimbursement of services (*county is aware that a library district can not be charged for services under A.R.S. 11-251.06*).

Jail District

- The FY 2009 jail district levy is \$943,194, an increase of \$237,466 (33.7%) from FY 2008. The rate of \$0.2000 is at the maximum rate per statute.
- Apache County budgeted \$685,000 in inmate housing, down \$14,500 (2%) from last year. The majority of that amount (\$670,000) is generated from housing Federal inmates. The adult facility can hold up to 178 beds and there are currently 35 vacant beds. The county contracts with the Bureau of Prisons (BOP) to rent a maximum of 65 beds at a charge of \$53/day (currently renting 40 beds to BOP). Other entities are charged the same rate.
- The jail district's budget is up \$143,026 (7.4%), from \$1,934,137 in FY 2008 to \$2,077,163 in FY 2009.

- The maintenance of effort payment is \$421,944 in FY 2009, up from \$409,654 last year.
- Over the last two years, the jail district has been running a deficit, in which county officials claim is due to the loss of housing Federal prisoners. In order to avoid an employee lay-off in the jail district, the district is receiving a general fund subsidy of \$700,000 in FY 2009. During the 2008 legislative session, Apache County unsuccessfully proposed legislation that would have increased the maximum property tax rate for the jail district from 20 cents to 30 cents. Although there is \$7.5 million in unreserved funds in the general fund, the county is not able to spend the revenue since the county is currently at its expenditure limit. The County is considering whether to go back to the legislature in 2009 to request an increase to the maximum rate levied by the jail district or to ask voters for authorization to increase the county expenditure limit.

Juvenile Jail District

- The county juvenile jail district rate remains at the statutory limit of 10 cents per \$100 of assessed value, producing a levy of \$471,597, an increase of \$118,733 (33.7%).
- The juvenile jail district budget is \$780,538 for FY 2009, same as last year.
- The juvenile facility holds 13 beds, with an average occupancy of approximately 60%. The County does not rent beds to other jurisdictions.
- The maintenance of effort payment is \$295,990 in FY 2009.
- The county is transferring \$130,611 from the Juvenile Jail District to the general fund for administrative costs.

Community College/Post Secondary Education

- Apache’s community college tuition levy increased from \$815,468 to \$1,305,380, \$489,912 (60%) more than last year. The rate is increasing from \$0.2311 to \$0.2768. The budget increased from \$1,710,327 to \$2,135,060.
- The county’s post secondary education levy to operate a local branch of Northland Pioneer College is increasing \$266,493 (64%), from \$416,379 to \$682,872. This rate increased from \$0.1180 to \$0.1448. The budget increased \$262,060 (41.2%), from \$636,559 to \$898,619.

Public Health Services District (PHSD)

- FY 2008 was the first year the county levied a property tax for the PHSD. The district was created by a unanimous vote of the board in April 2007 (instead of getting approval from voters). The rate is increasing from \$0.1243 to \$0.1575 and will generate a levy of \$742,765, \$304,155 (69%) more than last year’s levy of \$438,610.
- The PHSD budget is increasing \$627,862 (38.3%), from \$1,639,407 to \$2,267,269.
- The maintenance of effort payment from the general fund to the PHSD is \$105,688; however, the county is transferring \$333,802 back from the PHSD to the general fund for administrative costs.

Apache County	2007	2008 levy limit	2008 Qwest adj	2008 Adopted	Change
Primary	0.4764	0.4724	0.4724	0.4631	-0.0133
Flood	0.0908			0.0696	-0.0212
Override	0.4939			0.4484	-0.0455
Library	0.5022			0.4217	-0.0805
Jail District	0.2000			0.2000	0.0000
Juvenile Jail	0.1000			0.1000	0.0000
JR College	0.2311			0.2768	0.0457
Post S.Ed	0.1180			0.1448	0.0268
PHSD	0.1243			0.1575	0.0332
Overall Rate	2.3367				

Other General Fund Revenues

- Auto lieu is decreasing slightly from \$590,000 to \$585,000.
- State shared sales tax is down \$68,000 (1.3%), from \$5,268,000 to \$5,200,000.
- The half-cent sales tax is up \$100,000, from \$1,150,000 to \$1,250,000.
- PILT is down \$70,000 (7.3%), from \$960,000 to \$890,000 in FY 2009.

Special Revenues

Road Fund

- HURF revenue is dropping \$250,000 (3.3%) to \$7,350,000. The HURF budget for FY 2009 is down \$967,521 (6.7%), from \$14,487,906 to \$13,520,385.
- VLT revenue is down \$50,000, from \$2,600,000 to \$2,550,000.
- National Forest Fees remain the same at \$425,000.
- Apache County uses a DMG cost allocation study to transfer \$924,538 out of the road fund to the general fund.

Expenditures

- **Employee compensation:** The County is not awarding pay raises this year but instead is holding employees harmless from the increase in health benefit costs (see “health benefits” below).
- **Budgeted payroll:** In FY 2009, the general fund (GF) payroll, including employee related expenses (ERE’s), is \$10,847,875 and total funds (TF) is \$23,080,584.
- **Health benefits:** The County pays 98% of the employee’s health benefit coverage and 76% for dependents. The county is absorbing the extra costs to the employee health benefits this year at a cost of \$141,500 to the general fund and \$300,000 to total funds.
- **Budgeted FTE’s:** In FY 2009, the budgeted FTE’s in the GF is 190 and 430 in TF.
- **Vacancy and turnover rates:** The county employee vacancy rate is 7% and the turnover rate is 18%.

Debt/Capital Projects:

According to Department of Revenue’s FY 2006-07 Report of Indebtedness, the total outstanding debt for the county was \$2,040,000 in certificates of participation (COP’s). However, county officials claim that this is not the county’s debt but actually the debt of the Arizona Department of Corrections (DOC) to build a facility outside of St. Johns and DOC is responsible for making the payments.

General Fund:

- **Greater Arizona Development Authority (GADA) Loan:** Since the voters did not approve the \$7.5 million G.O. bond for county administrative buildings at the 2006 general election, the county acquired a \$3.5 million interest-only loan from GADA. The budgeted payment for the GADA bonds was \$138,542 in FY 2008 and is increasing to \$218,259 in FY 2009. In the future, the county is planning to go back to voters to request the G.O. bonds once again in the fall of 2008 and if the question passes, the county plans to pay off the GADA loan.
- **GIS Loan:** The County has taken out a \$76,327 lease purchase agreement to finance the acquisition of a Geographical Information System (GIS) for the County to be used by the Engineering and the Assessors departments to provide plot data to the public.
- **Round Valley Complex:** The FY 2009 budget includes a payment of \$67,357 for a purchase agreement to acquire a 20,000 square-foot building in the Round Valley area.
- **NACOG Headstart Building:** A payment of \$40,802 is budgeted for the remodel of the Pioneer School Headstart building.

COCHISE COUNTY

Overview

- Cochise County's general fund budget for FY 2009 is \$74,004,807, a \$2,582,865 (3.6%) increase over FY 2008 of \$71,421,942.
- The county has a beginning fund balance of \$18,066,177, which represents 24.4% of the general fund. This is an increase of \$1,989,784 (12.4%) over last years' beginning fund balance of \$16,076,393.
- The total budget is \$169,302,720. This is \$2,699,282 (1.6%) more than the FY 2008 budget of \$166,603,438.

Property Tax Revenues

Primary Levy

- Cochise County's primary property tax levy is \$24,177,339. This year's increase of \$890,407 (3.8%) is entirely the result of new construction.
- The adopted primary rate of \$2.6759 was \$0.0569 below the maximum allowable rate of \$2.7328 and just below the TNT rate of \$2.6792. Therefore, the County was not required to hold a TNT hearing.

Flood Control District

- The county's flood control district rate remains the same at \$0.2597, which is the same rate the county has levied since tax year 1992. The levy is increasing from \$1,871,114 to \$2,233,202, \$362,088 (19.4%) more than last year.
- The flood control budget is increasing \$450,769 (11.4%), from \$3,950,031 to \$4,400,800. The district holds \$695,554 in reserves for various future repairs.

County Library

- The library district levy is \$1,478,192, which is an increase of \$211,596 (16.7%) over last year's levy of \$1,266,596. The County reduced the tax rate one-cent in FY 2008 and that rate remains the same in FY 2009 at \$0.1451.
- The library district budget increased from \$1,345,598 to \$1,707,211, \$361,613 (26.9%) more than last year. The district holds \$532,000 in reserves. The county operates five branches and a bookmobile. The library district also operates the information system that is used by the city libraries.

Cochise County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	2.8653	2.7295	2.7328	2.6759	-0.1894
Flood	0.2597			0.2597	0.0000
Library	0.1451			0.1451	0.0000
Overall Rate	3.2701			3.0807	-0.1894

Other General Fund Revenues

- Budgeted Auto Lieu is up \$200,000 (5.7%), from \$3,536,000 to \$3,736,000.
- State shared sales tax is down \$200,000 (3%), from \$13,052,000 to \$12,852,000.
- The county's half-cent sales tax remains the same this year at \$7,965,000.
- PILT is up \$30,000, from \$1,258,484 to \$1,288,484.

Special Revenues

HURF

- HURF revenues are decreasing \$797,888 (6.7%), from \$11,903,770 to \$11,105,882.
- Total Highway expenditures are increasing from \$18,922,136 to \$19,755,611.

Health System

- The Cochise Health System is budgeted to bring in \$32,983,627, a \$65,000 increase over last year. The Cochise Health System is the program contractor for AHCCCS in Cochise, Greenlee, and Graham counties.
- The budget is increasing \$2,305,966 (6.2%), from \$37,077,415 to \$39,383,381.

Expenditures

- **Budgeted FTE's:** General Fund FTE's are at 696 and Total Fund FTE's are budgeted at 1,122.
- **Budgeted Payroll:** The General Fund payroll, including ERE's, is budgeted at \$38,735,123. The Total Funds budgeted payroll is \$59,856,425.
- **Turnover & Vacancy rates:** The estimated employee turnover rate is 20%. The vacancy rate is 6%.
- **Employee compensation:** The County has set aside \$515,000 (GF contingency) and \$295,000 (special funds) for a one-time \$700 distribution (not part of base increase) to be awarded to all employees in December. In lieu of the \$700 distribution, employees will be given the option of having three days off with pay.
- **Health benefits:** In order to keep the cost of health insurance premiums down, the County changed the level of health benefits offered to employees.
- The \$1.5 million shift to the state budget will not be subsidized by the county special district revenues. To make up for the loss in revenue, the county cut department budgets by 1% and saved approximately \$480,000. In addition, all departments are attempting to reduce their utility costs in order to save money, as well as holding various positions vacant. In addition, the County is planning to increase its delinquent land sales.
- **Jail Facilities:**
 - **Juvenile:** The County has one juvenile facility with 20 detention cells that are double-bunked for a total of 40 beds. The average occupancy is estimated at 36. The county rents beds (courtesy holds) to the Federal government at \$125/day.
 - **Adult:** The adult facility is designed to hold 160 beds but actually has 260 beds. The county rents beds typically to the military, Customs, and Federal prisoners at a daily rate of \$50.04/day. Federal Prisoner Reimbursements are down from \$70,000 to \$30,000. The average daily inmate population is 219. The Cochise County Jail operates a clinic in order to provide medical care to all inmates and the Cochise County Health Department provides full-time medical professionals to the jail. Inmates are required to make a co-payment for medical services and medication. The budgeted cost of medical services in the jail is \$553,000 in FY 2009.

Debt/Capital Projects:

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county held \$7,605,000 in outstanding COPs. The COPs funded the construction of the Melody Lane County Complex. In FY 2009, the payment is budgeted at \$869,175.

The total capital projects budget is \$8,247,047 in FY 2009 and includes the following:

- \$2.6 million to expand county facilities in Douglas, which is funded from the half-cent sales tax.
- Reserves of \$2,001,393 for future projects such as expanding the county jail facilities.
- \$653,205 for IT capital projects, with an additional \$100,000 for IT projects in the library district.

COCONINO COUNTY

Overview

- Coconino County's general fund budget for FY 2009 is \$71,604,663. This is a decrease of \$2,353,056 (3.2%) from last year's budget.
- The county's unreserved fund balance is \$24,287,934, which makes up 34% of the total general fund. This is a \$7,521,781 (23.7%) decrease from last year's fund balance of \$31,809,715.
- Coconino County's total budget for FY 2009 is \$198,890,286, a decrease of \$12,097,574 (5.7%) from last year's final budget of \$210,987,860.

Property Tax Revenues

Primary Levy

- Coconino adopted a primary property levy of \$7,317,594, which is an increase of \$680,601 (10.3%) over the FY 2008 levy of \$6,636,993. Of the \$680,601 increase in primary taxes, \$246,799 (36%) was the result of new construction and \$433,802 (64%) was an increase to existing properties. The county is levying \$295,822 over its constitutional limit for the Xanterra and Delaware North judgments.
- Since the County's adopted primary rate of \$0.4338 exceeded the TNT rate of \$0.4081, the County was required to hold a TNT hearing.

County Library

- The library district levy is \$4,717,202, an increase of \$869,868 (22.6%), with the rate increasing from \$0.2205 to \$0.2293.
- The budget increased \$1,228,276 (30%), from \$4,042,369 to \$5,270,645.

Flood Control

- Coconino County's flood control district tax is levied on all properties outside the cities of Flagstaff, Page, and Fredonia. The rate is increasing from \$0.2000 to \$0.2160 in FY 2009.
- The levy is increasing \$537,330 (29%), from \$1,852,480 to \$2,389,810.
- The flood control district budget is increasing \$196,961 (13.2%), from \$1,490,936 to \$1,687,897.

Accommodation School

- For the first time in FY 2009, the County Board of Supervisors made the decision to levy a countywide secondary property tax for the county accommodation school. Since the issue was not discussed during the budget meeting with the county, ATRA was not aware of the levy until after receiving the officially adopted rate and levy sheets in August. ATRA has since communicated to the Coconino County Board of Supervisors that a countywide property tax levy for an accommodation school, in ATRA's opinion, is illegal. The adopted rate of \$0.0093 will generate \$192,000 in secondary taxes.

Coconino County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	0.4383	0.4159	0.4163	0.4338	-0.0045
Accommodation School (s)	-			0.0093	0.0093
Library	0.2205			0.2293	0.0088
Flood*	0.2000			0.2160	0.0160
Overall Rate	0.8588			0.8884	0.0296

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

Other General Fund Revenues

- Auto lieu revenue decreased \$102,553 (2.8%), from \$3,641,772 to \$3,539,219.

- State shared sales tax is down \$713,428 (3.8%), from \$18,902,214 to \$18,188,786.
- The half-cent sales tax is up \$71,055, from \$12,813,878 to \$12,884,933.
- PILT revenue is budgeted at \$900,000, up \$89,285 (11%) from last year.
- National Forest Fee revenues are down \$654,759 (16.6%), from \$3,953,706 to \$3,298,947.
- Non-departmental revenue is increasing \$1,969,257 (105%), from \$1,881,725 to \$3,850,982.

Public Health Services District (PHSD)

- At the FY 2009 budget meeting between ATRA and Coconino, county officials disclosed that the Board is considering the creation of a PHSD in the future and it is undecided as to whether they will ask for voter approval or create the district with a unanimous vote of the board. However, as of October 2008, the Board had not taken action on the issue.

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 3/10-cent rate to a 1/2-cent, which was effective January 1, 2007. In addition, the jail district sales tax was extended 15 years, which will now sunset in 2027 rather than 2012.
- Budgeted jail district sales tax collections for FY 2009 are up \$939,185 (7.9%), from \$11,945,748 to \$12,884,933.
- The county's maintenance of effort payment is increasing \$103,413 (4.6%), from \$2,263,689 to \$2,367,102.
- The jail district budget is increasing \$318,501 (2.1%), from \$15,124,064 to \$15,442,565.
- **Jail facilities:**
 - **Juvenile:** The juvenile facility currently holds 34 beds. The county rents beds to the Federal Marshall's at \$75/day. The average occupancy of the facility is 24.
 - **Adult Detention:** The Flagstaff Detention Facility holds 596 beds (average occupancy is approximately 80%) and the Page facility holds 48. The county rents beds to the Bureau of Indian Affairs (\$55/day), the Federal Bureau of Prisons (\$60/day), and the Yavapai County Sheriff's office (\$60/day). The county rented an average of 87 beds/day in FY 2008.
 - The projected expense for jail medical services in FY 2008 was \$1,722,973.

Parks and Open Space

- In the 2002 general election, voters approved a 10-year, 1/8-cent capital projects sales tax for the purpose of implementing the Coconino Parks and Open Space Program. The total estimated cost for the program amounts to \$33 million.
- The 1/8-cent sales tax is budgeted to bring in \$3,050,000 in FY 2009, up \$675,000 (28.4%) from last year.
- The Parks Capital Projects budget is increasing \$3,336,944 (73.2%), from \$4,559,081 to \$7,896,025.

Road Fund

- HURF revenues are decreasing \$2,076,188 (18.4%), from \$11,275,000 to \$9,198,812.
- Auto lieu revenue is decreasing \$74,675 (3.1%), from \$2,392,200 to \$2,317,525.
- The HURF budget is increasing from \$22,248,000 to \$22,836,072 in FY 2009.

Expenditures

- **Employee compensation:** The County is awarding all employees with a 2.5% merit increase, effective on the employee's anniversary date. The cost to the general fund is \$421,602 and \$540,449 to total funds.
- **Budgeted FTE's:** In FY 2009, the County is budgeting for 490 FTE's in the general fund and 1,116 FTE's in total funds.
- **Budgeted payroll:** In FY 2009, the budgeted payroll in the general fund, including ERE's, is \$34,296,330 and \$74,661,877 in total funds.
- **Vacancy & Turnover rates:** The employee vacancy rate is estimated at 16% and the turnover rate is 8.5% (FY 2007 data).
- **Health benefits:** The County covers 100% of the health insurance benefits for employees and 55% for dependents. In FY 2009, insurance premiums increased 1.8%, vision increased 3%, and dental decreased 3%. All cost increases were split between the employees and the county. The cost to the general fund was \$58,794 and \$132,992 to total funds.

Debt/Capital Projects:

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county held \$16,180,000 in total COP's outstanding. However, the county paid off that debt last year, \$4.4 million of which came from the general fund.

Tuba City transfer station compactor (\$127,000); liquid de-icing tank at Ft. Tuthill (\$30,000); striping supplies (\$10,000); Forest Lakes Culvert installation; Gov. prairie culverts (\$250,000); Hctor Road box culvert project (\$280,000); Joe Springs Loop drainage improvement; Lake Mary Rd guardrail replacement (\$300,000); Pinewood Blvd West reconstruction project; Spring Valley Rd box culvert project (\$150,000).

GILA COUNTY

Overview

- Gila County's general fund budget for FY 2009 is \$44,604,361, a \$1,232,511 (2.9%) increase over last year's budget of \$43,371,850.
- The county's beginning fund balance for this year is \$10,000,000, which represents 22.4% of the total general fund.
- The total budget for FY 2009 of \$91,170,013 is an increase of \$8,259,460 (10%) from last year's adopted budget of \$82,910,553.

Property Tax Revenues

Primary Levy

- The County's primary levy of \$20,124,472 is \$1,502,964 (8.1%) over last year's levy, with \$709,991 (47%) generated from new construction and \$792,973 (53%) from existing properties.
- Gila's primary property tax rate is dropping 19 cents, from \$4.1100 to \$3.9200, which is just below the maximum allowable rate of \$3.9240. However, since the adopted rate exceeded the TNT rate of \$3.7693, the County was required to hold a TNT hearing.

County Library

- The library district levy is \$1,148,406, up \$192,601 (20%) from last year. The library district rate is \$0.2000, which has remained the same since tax year 2000.
- The library district budget is \$1,206,247, an increase of \$128,997 (12%).

Gila County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	4.1100	3.9240	3.9279	3.9200	-0.1900
Library	0.2000			0.2000	0.0000
Overall Rate	4.3100			4.1200	-0.1900

Other General Fund Revenues

- Auto lieu is up \$109,534 (6.3%) to \$1,859,534.
- State shared sales tax is down \$209,500 (3.7%), from \$5,709,500 to \$5,500,000.
- Half-cent sales tax is the same at \$3,307,250.
- PILT revenues are up \$17,881, from \$1,880,000 to \$1,897,881.

Special Revenues

Jail Facilities

- The juvenile facility holds a total of 24 beds. Gila County rents approximately 13 beds to INS at \$131/day. The average occupancy is 20. The budgeted revenue from renting beds is increasing from \$565,000 in FY 2008 to \$640,000 in FY 2009.
- The adult facility holds a total of 179 beds with an average occupancy of 165. The County rents beds to other Arizona counties at a rate of \$54.63/day. The estimated revenue from renting beds is \$96,000 in FY 2009.
- The Sheriff's budget is increasing \$764,918 (9.4%), from \$8,183,996 to \$8,948,914.

Road Budget

- HURF and VLT decreased \$433,986 (7.4%), from \$5,880,000 to \$5,446,014.
- The county transportation sales tax is down \$99,462 (2.8%), from \$3,534,096 to \$3,434,634. The sales tax is scheduled to sunset in 2014.
- The total road fund budget is down \$300,923 (1.7%), from \$17,497,547 to \$17,196,624.

Expenditures

- **Budgeted FTE's:** The general fund FTE's is increasing from 418.5 in FY 2008 to 425.4 in FY 2009. Total funds FTE's is increasing slightly from 707.8 to 708.7.
- **Employee compensation:** The County is waiting until after the general election to make a decision regarding employee pay raises. Based on a Public Sector Study, approximately \$600,000 (including ERE'S) is required to bring county employees up to 95% of their job grade.
- **Budgeted payroll:** The general fund budgeted payroll, including ERE's, in FY 2008 was \$21,560,934 and is increasing to \$23,038,246 in FY 2009. The budgeted payroll for total funds is increasing from \$34,423,611 to \$37,384,168.
- **Employee vacancy & turnover rates:** The employee vacancy rate is 11.7% and the employee turnover rate is 16.6%.
- **Health benefits:** The County is entirely absorbing the 12% increase in health costs this year, which amounts to \$281,700 to the general fund and \$469,500 to total funds. The County currently pays 91% for employee coverage and approximately 58% for dependents, depending on the level of benefits.
- To offset the \$755,899 in state cost shifts, the County is considering a 60-day hiring freeze. Instead of cutting budgets for travel or vacancy savings, the county is just holding all departmental budgets to last year's budgeted amounts. The county is not planning on making up for the loss by transferring revenue from the secondary special districts to the general fund.

Debt/Capital Projects:

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county held \$1,840,000 in total Municipal Property Corp (MPC) debt. In FY 2009, the MPC payment is budgeted at \$329,000. This debt was used for the county match for the Juvenile Detention Center and an administrative facility that currently houses the Health Department, Community Action Program, and Emergency Services.

In November 2007, voters failed to approve the proposed jail district, which would have been supported with a half-cent sales tax. Voters also failed to approve \$16 million in general obligation bonds to construct criminal justice centers (jails & courthouses) and other related expenses. Therefore, the County is planning to borrow \$5 million in FY 2009 to expand its jail facilities and to add court rooms in Payson. Approximately \$3 million will go towards the jail facilities to bring in pods for women prisoners (two pods and 32 beds) and to address the problem the county has with the intake area. The remaining \$2 million will pay for a new court room in Payson and the remodel of an existing building. The County is planning to go through GADA or its Municipal Property Corporation (MPC). The Board of Supervisors will make the final decision after the general election. County officials are currently putting together the design and cost estimates. Actual construction/purchase of the project is expected to commence at the end of FY 2009.

GRAHAM COUNTY

Overview

- Graham County's general fund budget for FY 2009 is \$20,025,216, an increase of \$482,278 (2.5%) from \$19,542,938 in FY 2008.
- The county's opening fund balance of \$1,235,421 is a decrease of \$800,418 (39.3%). The fund balance represents 6.2% of the total general fund.
- The county's total budget of \$30,940,136 is an increase of \$239,709 from last year's total budget of \$30,700,427.

Property Tax Revenues

Primary Levy

- The county's primary property tax levy of \$2,851,749 is an increase of \$509,351 (21.8%) over last year's levy of \$2,342,398. New construction accounts for the majority of the increase at \$453,871 (89%), with \$55,480 (11%) coming from existing properties.
- The County adopted the maximum allowable rate of \$1.6293. Since the adopted rate exceeded the TNT rate of \$1.5974, the County was required to hold a TNT hearing.

Flood Control District

- The County Flood Control District rate of \$0.0753 has remained the same since tax year 1997 and will produce a levy of \$136,104, \$38,880 (41.5%) more than last year.
- The budget is increasing slightly this year from \$295,238 to \$296,369.

Graham County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	1.7336	1.6273	1.6293	1.6293	-0.1043
Flood	0.0753			0.0753	0.0000
Overall Rate	1.8089			1.7046	-0.1043

Other General Fund Revenues

- Federal in lieu remains the same in FY 2009 at \$1,550,000.
- **Jail facilities:**
 - The juvenile facility holds 48 beds and rents up to 24 beds to Bureau of Prisons (BOP) at \$265/day. Total revenues from BOP are budgeted at \$1.7 million in FY 2009. Up to eight beds are available for Greenlee County to rent at a cost of \$175,000 per year. Last year, the facility was nearly 2/3's occupied.
 - The adult facility holds 100 beds and the county rents up to 36 beds to BOP at \$55/day and to the state at \$38/day. The facility is nearly 100% occupied. Total revenues generated from renting beds to the Feds are approximately \$720,000 and \$15,000 from the state.
 - The County uses a physicians' assistant in the jail in order to keep costs down. Last year the county budgeted \$91,000 in medical costs and the actual expenditures amounted to over \$157,000. This year, the county has budgeted \$105,000 in jail medical costs.
- State shared sales tax is the same at \$3,800,000.
- The half-cent sales tax remains the same at \$2,450,000.
- Auto Lieu is up \$100,000 (11.1%), from \$900,000 to \$1,000,000.

Special Revenues

Road Fund

- HURF revenue is the same at \$3,765,259.
- The Road Fund budget decreased from \$5,416,183 to \$5,189,311.

- Forest fees are remaining flat this year at \$80,000 in FY 2009.

Expenditures

- **Budgeted FTE's:** The budgeted FTE's in total funds is 275 and 197 in the general fund.
- **Employee compensation:** The County has budgeted for a market adjustment (between 4% and 6%) for a few general fund employees at a cost of \$62,000 (no impact to total funds). Employees will receive a 4% longevity increase (to base pay rate of starting salary) on their anniversary date (awarded after six months, two years, five years, and every five years after that). The amount estimated for longevity increases is approximately \$35,500 to the general fund and less than \$50,000 to total funds.
- **Budgeted payroll:** The budgeted payroll, including ERE's, for the general fund is \$11,346,217 and \$15,969,289 for total funds.
- **Vacancy & Turnover rates:** The County has a low employee vacancy rate of approximately 2% to 3%; however, the employee turnover rate is at least 25%.
- **Health benefits:** The County covers 100% of the employee's health benefit premiums and 83% for dependents. The 11% increase in costs this year will be absorbed by the county at a cost of \$166,000 to the general fund and \$234,000 to total funds.

Debt/Capital Projects:

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county currently holds no debt.

The county is currently going out for a bid for the 8th Avenue Bridge project. The original cost estimate for the project was \$7.5 million; however, officials believe the current estimate to be closer to \$13.5 million. The project will be funded mostly by the Federal government, ADOT, and Freeport McMoran, with the county contributing \$500,000.

The expansion to the county jail, which the county paid an estimated \$120,000 in cash, is almost complete. Due to the expansion, the county can hold up to 30 additional inmates and the county will now house their female prisoners rather than transfer them to Greenlee County.

GREENLEE COUNTY

Overview

- Greenlee’s general fund budget for FY 2009 is \$8,542,493, an increase of \$588,208 (7.4%) from FY 2008.
- The county’s beginning general fund balance is \$850,000, \$50,000 more than last year. The fund balance represents 10% of the total general fund.
- The total budget for FY 2009 is \$16,451,834, an increase of \$663,952 (4.2%) over FY 2008.

Property Tax Revenues

Primary Levy

- The county’s primary property tax levy is \$1,563,813, \$223,289 (16.7%) more than last year’s levy. New construction accounts for the majority of the increase at \$192,768 (86%) and \$30,521 (14%) is generated from existing properties.
- The county was required to drop its primary rate from \$0.4635 to \$0.3514, which is the maximum allowable rate. However, since the primary rate exceeded the TNT rate of \$0.3445, the county was required to hold a TNT hearing.

Public Health Services

- In June 2006, the County Board of Supervisors created the Public Health Services District (PHSD) by unanimous vote of the Board rather than going to the voters. The rate remains the same in FY 2009 at \$0.1525, which is estimated to generate \$237,606 more in secondary property taxes to a total of \$678,661.
- The county uses the PHSD fund to pay for health department services, animal control, inmate medical expenses, and ambulance services. The expenses for inmate medical expenses include nurses’ salaries. ATRA believes that such an expense is questionable as to whether the expense is considered a health *care* cost versus a health *service* cost.
- The Health Services Fund budget is increasing \$376,360 (28%), from \$1,312,890 to \$1,689,250.
- The maintenance of effort payment for the PHSD is \$356,000.

Flood Control District

- The flood control district tax rate is increasing \$0.0512, from \$0.0609 to \$0.1121. The levy is increasing \$31,146 (45%), from \$68,854 to \$100,000.

Greenlee County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	0.4635	0.3514	0.3514	0.3514	-0.1121
Public Health Services	0.1525			0.1525	0.0000
Flood	0.0609			0.1121	0.0512
Overall Rate	0.6769			0.6160	-0.0609

Other General Fund Revenues

- Auto lieu is up \$60,000 to \$300,000.
- The half-cent sales tax is increasing \$150,000 to \$1,000,000.
- State shared sales tax is up \$150,000 (4.4%), from \$3,450,000 to \$3,600,000.
- PILT is up \$4,528, from \$376,776 to \$381,304.
- The county received \$382,800 (down from \$459,300 last year) from the state for out-of-county tuition in FY 2009.

Special Revenue Funds

- Road fund revenue is down \$298,147 (23.1%), from \$1,292,175 to \$994,028. The budget is decreasing from \$1,795,000 to \$1,594,028.
- National Forest fees are down \$462,635, from \$562,635 to \$100,000. The county distributes the money to the schools, the superintendent's office, and the road fund.

Expenditures

- **Employee compensation:** The County Board of Supervisors gave employees a market adjustment, effective July 1, 2008, to reflect the average pay for entry level positions in Apache, Graham, Gila, Greenlee, La Paz, and Santa Cruz Counties, varying between 3% and 10%. Sheriff's department personnel received an average increase of 10% whereas most clerical positions received between 3% and 5%. The cost to the general fund amounted to \$155,000 and \$265,000 to total funds.
- **Health benefits:** The County absorbed the 11% increase in the employee health trust fund, which amounted to \$87,000 in the general fund and \$151,000 in total funds. The county currently covers 93.8% for employee coverage (up from 93%) and 81% for dependents (up from 78.5%).
- **Budget payroll:** The budgeted payroll for the general fund, including ERE's, is \$4,587,040 and \$7,572,254 in total funds.
- **Budgeted FTE's:** The County has 94 FTE's in the general fund and 141 in total funds.
- **Employee vacancy & turnover rates:** The average employee vacancy rate is 7% and the turnover rate is nearly 15%.
- **Expenditure Limit Increase:** At the November 2008 general election, the Board is asking voters to approve a \$1.6 million permanent increase in the county's base expenditure limit.
- The County is not transferring revenue from the special taxing districts to the general fund to make up for the state cost shifts.

Debt/Capital Projects:

On July 25, 2008, the Board of Supervisors entered into a revolving line of credit commencing on August 1, 2008 and ending on June 30, 2009, with a maximum line of credit of \$2.4 million. In FY 2009, the debt service fund budget is increasing from \$300,000 to \$600,000.

Capital projects for FY 2009 include the county's airport improvement project that is partly funded by the FAA. The Board will also continue their fleet and heavy equipment replacement policy through lease-purchases. In addition, the County is looking to build a new Public Works building to replace two separate facilities that are over 60 years old. The County estimates that the new facility will cost approximately \$6 million, in which the Board will most likely pursue a GADA loan to fund the project.

LA PAZ COUNTY

Overview

- La Paz's general fund budget for FY 2009 is \$14,202,027, a decrease of \$108,106 from FY 2008's general fund budget of \$14,310,133.
- The county's beginning general fund balance of \$1,685,462 is a decrease of \$278,680 (14.2%) from last year's beginning fund balance of \$1,964,142. The fund balance represents 11.9% of the total general fund.
- FY 2009's total budget is \$31,231,776, an increase of \$47,108 over last year's total budget of \$31,184,668.

Property Tax Revenues

Primary Levy

- La Paz County's primary property tax levy is \$3,751,987, up \$160,262 (4.5%) from last year's levy of \$3,591,725, which is the county's constitutional levy limit. Of the \$160,262 increase in primary property taxes, \$86,717 (54%) was the result of new construction and \$73,545 (46%) was an increase on existing properties.
- The rate is decreasing over 14 cents, from \$2.1059 to \$1.9608; however, the rate adopted by the County exceeded the TNT rate of \$1.9224, requiring the County to hold a TNT hearing.

La Paz County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	2.1059	1.9607	1.9608	1.9608	-0.1451

Other General Fund Revenues

- Auto lieu is down \$12,000 (2%), from \$580,000 to \$568,000.
- State shared sales tax is down \$63,350 (5%), from \$2,026,350 to \$1,963,000.
- Half-cent sales tax is down \$24,000 (2%), from \$1,147,000 to \$1,123,000.
- Other miscellaneous revenues are down \$76,396 (8.7%), from \$876,185 to \$799,789.
- PILT is down \$12,750, from \$1,070,982 to \$1,058,232.

Special Revenues

Road Fund

- HURF revenue is down \$535,000 (12%), from \$4,285,000 to \$3,750,000.
- Intergovernmental revenues are increasing \$202,500, from \$1,650,000 to 1,852,400.
- The Public Works budget increased \$141,839 (2%), from \$6,898,859 to \$7,040,698.

Enterprise Fund

- The La Paz County Golf Course is estimated to bring in \$1,812,091, which is \$26,681 more than last year's budgeted revenues.
- The Golf Course budget is decreasing \$294,511, from \$1,780,371 to \$1,485,860.

Jail District

- The jail district excise tax is estimated to bring in \$1,128,000 in FY 2009. This is a decrease of \$19,000 (1%) from last year.
- The jail district budget includes \$2,000,000 in intergovernmental revenues from the housing of federal and Coconino County inmates, \$400,000 (16%) less than last year. The County rents beds to governmental entities at a rate of \$44/day and to private entities at \$55/day.
- The county's maintenance of effort payment is \$672,026 in FY 2009, up from \$648,423 in FY 2008.

- Existing jail facilities: Adult facility holds 228 beds and is nearly 100% occupied. The County does not currently have a juvenile facility, and therefore, transfers its juveniles to Yuma County. Yuma County charges La Paz \$80/day, with total estimated expenditures in FY 2009 of \$80,000.

Expenditures:

- **Budgeted Payroll:** Budgeted payroll, including ERE's, in the general fund amounts to \$8,450,959 and \$15,135,415 in total funds.
- **Employee compensation:** The County budgeted for employee step increases on their anniversary date, which range between 2.3% and 2.8%. Managers and Chief Deputies, who do not receive scheduled increases, received a 2.5% raise. The annualized cost to the general fund for all raises amounted to \$254,372 and \$434,581 to total funds.
- **Vacancy & Turnover rates:** The employee vacancy rate is 2% and the employee turnover rate is 24%.
- **Budgeted FTE's:** General fund budgeted FTE's is 144 and FTE's in total funds is 273.
- **Health Benefits:** The County covers 100% of health benefit costs for employees and 50% for dependents. Health insurance costs increased 12% on average this year even with changes in benefits, including increases in co-pays and deductibles. The impact to the general fund amounts to \$81,352 and \$113,172 to other funds.

Debt/Capital Projects:

According to county officials, the current outstanding debt is approximately \$2.5 million.

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

In 2003, the county refunded their 1996 COPs (reduced interest rate with the original maturity date) with a \$480,000 remaining balance. In addition, the county issued \$2.022 million in COPs in 2007, financed over ten years, for the jail expansion. The total estimated debt service payments are approximately \$350,000 in FY 2009.

MARICOPA COUNTY

Overview

- Maricopa's general fund budget is \$1,063,744,618 in FY 2009, representing a decrease of \$64,015,245 (6%) from last years adopted budget of \$1,127,759,863.
- The county's general fund unreserved beginning fund balance of \$274,627,644 is \$106,578,950 (63.4%) more than last year's fund balance of \$168,048,694. The unreserved fund balance currently makes up 25.8% of the total general fund.
- Maricopa County's total budget is up \$54,974,736 (1.9%), from \$2,947,535,371 to \$3,002,510,107.

Property Tax Revenues

Primary Levy

- The primary levy is increasing \$33,468,576 (7.8%), from \$430,023,735 to \$463,492,311. Of the \$33,468,576 increase, \$24,391,692 (73%) was attributed to new construction while \$9,076,884 (27%) came from existing properties.
- The primary rate for Maricopa County is dropping from \$1.1046 to \$1.0327, which is just below the county's maximum allowable rate of \$1.0336. The county was required to hold a TNT hearing since the primary rate exceeded the TNT rate of \$1.0133.

For the third year, the County Board of Supervisors have made the decision to adjust the rates levied for the countywide library and flood control special districts by 2% plus new construction to mirror the constitutional levy limits applied to primary property tax levies.

Library District

- The library district's levy for FY 2009 is up \$1,213,165 (6.3%), from \$19,368,018 to \$20,581,183. The secondary rate is dropping from \$0.0391 to \$0.0353.
- The library district's budget is increasing \$4,945,926 (23.9%), from \$20,731,201 to \$25,677,127.

Flood Control District

- The FY 2009 flood control levy is \$74,674,333, a \$4,251,463 (6%) increase over last year. The rate is dropping from \$0.1533 to \$0.1367.
- The flood control district budget is decreasing \$922,196, from \$96,884,484 to \$95,962,288.

Maricopa County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	1.1046	1.0327	1.0336	1.0327	-0.0719
Library	0.0391			0.0353	-0.0038
Flood	0.1533			0.1367	-0.0166
Overall Rate	1.2970			1.2047	-0.0923

Other General Fund Revenues

- State shared sales taxes are down \$38,419,522 (7.7%), from \$497,453,141 to \$459,033,619.
- State shared vehicle license tax is decreasing \$5,387,879 (3.8%), from \$143,247,168 to \$137,859,289.
- PILT is down \$292,880 (3.7%), from \$7,953,924 to \$7,661,044.

Special Revenues

Jail Sales Tax

- The county is budgeting \$138,206,968 in the jail sales tax, down from \$149,823,673 last year. This is a decrease of \$11,616,705 (7.8%).
- The maintenance of effort payment in FY 2009 is \$170,081,831, up \$4,148,337 (2.5%) from last year.

Highway & Transportation Revenue

- HURF is increasing from \$104,000,000 to \$111,458,984.
- The HURF budget is increasing \$4,752,634 (2.9%), from \$163,503,080 to \$168,255,714.

Expenditures

- **Employee compensation:** The Board of Supervisor's will decide in November or December whether to give employees up to a 2.5% pay-for-performance raise. \$7.4 million has been set aside in the general fund and \$3.8 million in the detention fund.
- **Vacancy & Turnover rates:** The employee vacancy rate is 10% and the turnover rate is 14%.
- **Budgeted FTE's:** Total FTE's are budgeted at 14,666. The County does not know how many FTE's are in the general fund.
- **Budgeted payroll:** The general fund budgeted payroll, including ERE's, is \$467,596,234 and total funds is budgeted at \$929,994,355.
- The County has taken the following actions to reduce expenditures: reduced all administrative budgets by 5%; froze hiring and capital expenditures; froze contingency funds; reduced overtime; reduced FTE's by 374; and reduced debt service payments by paying down debt with general fund balance. Total operating budget reductions totaled \$114.8 million.
- **Jail facilities:**
 - **Adult facilities:** the adult facilities hold up to 9,495 beds (includes double-bunking plus beds in "tent city"). There is no excess capacity to rent beds to other jurisdictions. Medical costs in the adult facilities in the adopted budgeted is \$49,229,949 (includes cost of services provided within the jails, to hospitals, and other outside providers).
 - **Juvenile facilities:** The juvenile facilities hold up to 406 beds and are approximately 85% occupied on average. Medical costs in the juvenile facilities are budgeted at \$5,128,461 (provided by juvenile probation).

Capital Projects:

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

- The budget includes \$267 million in capital projects for FY 2009, with \$156 million under the general fund and \$111 million under special revenue funds as follows:
 - **General Fund:**
 - **Intergovernmental capital (\$3,450,000 total):** Buckeye Hills Shooting Range (\$1,500,000); New River Transfer Station (\$975,000); and Rainbow Valley Transfer Station (\$975,000).
 - **Financing Series 2007 Fund (\$67,626,776 total):** Central Court Building Remodel (\$7,556,380); Durango Animal Care and Control Facility (\$300,000); and Southeast Justice Center (\$59,770,396).
 - **Financing Series 2008 Fund (\$67,122,027 total):** Criminal Court Tower (\$55,213,727); and Durango 911 and Crime Lab (\$11,908,300).
 - **General Fund County Improvement Fund (\$18,174,462):** Chambers building (\$1,200,000); Emergency Management HVAC Upgrade (\$550,000); Lower buckeye Central Plant Chilled Water (\$2,484,959); Maricopa Regional Trail System (\$1,692,086); Old Animal Care & Control Demolition (\$250,000); Parks System Master Plan (\$212,344); Public Health Building Generator (\$325,000); Saguaro Lake Aid Station (\$750,000); Security Building (\$3,109,314); Security Building Plumbing Upgrades (\$760,000); Sheriff Court Remodel (\$2,433,900); Visitor Centers and Amphitheaters (\$4,306,859); Vulture Mountain Study (\$100,000).

- Special Revenue Funds:
 - Transportation Capital Projects: \$104,677,000
 - Detention Capital Projects: \$5,951,000

Debt Service

Lease Revenue Bonds, Series 2001: In June 2001, the County issued \$124,855,000 in Lease Revenue Bonds to pay for the acquisition and construction of the County Administration Building, Jefferson Street Garage, Clerk of the Court Center, and Forensic Science Center and related projects.

Lease Revenue Refunding Bonds, Series 2003: In December 2003, the County refunded \$16,880,000 in Lease Revenue Bonds that were used to advance refund the 2000 Certificates of Participation (COPs) of \$4,103,000, 1996 COPs of \$1,576,452, 1994 COPs of \$3,815,000, 1993 COPs of \$580,000, and several capital leases which total \$11,104,817.

In August, 2005, The County defeased the Medical Center’s portion of the Series 2001 Lease Revenue Bonds in the amount of \$10,605,000. The County contributed the cash to advance refund the bonds.

Lease Revenue Bonds, Series 2007A: On May 23, 2007, the County issued \$108,100,000 in Lease Revenue Bonds to pay for the acquisition, construction, and renovation of the Durango Animal Care and Control Facility and various court facilities.

Lease Revenue Refunding Bonds, 2007B: The County refunded \$32,840,000 in Lease Revenue Bonds to advance refund the 2001 Lease Revenue Bonds of \$32,215,000.

The total outstanding Lease Revenue Bonds as of June 30, 2008 is \$173,670,000. In FY 2009, the total annual debt service payment is budgeted at \$23,389,608.

Lease Revenue Bond Outstanding As of June 30, 2008		
2001	Lease Revenue Bonds	\$27,280,000
2003	Lease Revenue Refunding Bonds	\$5,450,000
2007A	Lease Revenue Bonds	\$108,100,000
2007B	Lease Revenue Refunding Bonds	\$32,840,000
Total		\$173,670,000

On July 1, 2006, the County entered into a \$35,000,000 municipal revolving line of credit that the County has never used. The maturity date for the line of credit is June 30, 2009.

MOHAVE COUNTY

Overview

- Mohave County's general fund budget increased to \$86,462,453 in FY 2009, up from \$83,948,320. This is an increase of \$2,514,133 (3%).
- The county's unreserved general fund balance increased \$4,764,874 (55.4%), from \$8,598,244 to \$13,363,118. The general fund balance represents 15.5% of the total general fund.
- The total budget for Mohave County is \$277,957,269, which is a decrease of \$5,288,550 (1.9%) over last year's total adopted budget of \$283,245,819.

Property Tax Revenues

Primary Levy

- The county's primary levy is growing \$1,510,533 (5.2%), from \$28,923,755 to \$30,434,288. Of the \$1,510,533 increase, \$913,867 (60%) is the result of new construction and \$596,666 (40%) is a tax increase to existing properties.
- The rate is decreasing from \$1.5298 to \$1.3309, which is the county's maximum allowable rate. However, since the adopted rate of \$1.3309 exceeded the TNT rate of \$1.3048, the County was required to hold a TNT hearing.

Flood Control

- The county flood control rate is \$0.5000, the same rate that the county has levied since tax year 1998, which is also the maximum rate allowable by statute.
- The levy increased \$3,422,241 (30%), from \$11,408,650 to \$14,830,891. At the end of FY 2008, the district held \$13.5 million in reserves.
- The flood control district budget increased \$2,184,327 (10.4%), from \$21,035,235 to \$23,219,562.

Library District

- The library district rate is \$0.3236, which has remained the same since tax year 2001. This rate will generate \$2,723,493 (35%) more in revenue this year, from \$7,734,728 to \$10,458,221. The fund balance in the library district at the end of FY 2008 was \$3.9 million.
- The library district budget increased \$1,579,804 (23.8%), from \$6,634,206 to \$8,214,010.

Television District

- Mohave County's cable TV district is generating \$620,619 (28.5%) more than last year, from \$2,181,383 to \$2,802,002, by levying a rate of \$0.0867 (same rate since tax year 1998). However, at the end of FY 2008, the fund holds \$3.5 million in reserves.
- The districts total budget decreased \$8,228, from \$4,147,548 to \$4,139,320.

Mohave County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	1.5298	1.3309	1.3309	1.3309	-0.1989
Flood	0.5000			0.5000	0.0000
Library	0.3236			0.3236	0.0000
T.V.	0.0867			0.0867	0.0000
Overall Rate	2.4401			2.2412	-0.1989

Other General Fund Revenues

- State shared sales tax is down \$1,366,085 (5.8%), from \$23,566,085 to \$22,200,000.
- Auto lieu is down \$100,000 (1.3%), from \$7,800,000 to \$7,700,000.
- PILT is down \$25,425, from \$1,935,970 to \$1,910,545.

- The county has a general fund quarter-cent sales tax that is used to fund capital projects. The revenues decreased \$550,000 (6.6%), from \$8,350,000 to \$7,800,000.

Special Revenues

Road Fund

- HURF revenues decreased \$1,000,000 (7.7%), from \$13,000,000 to \$12,000,000. The fund reserves are just over \$7 million.
- Auto Lieu revenues remain unchanged at \$2,600,000.
- The HURF budget decreased \$3,019,795 (12%), from \$25,167,357 to \$22,147,562.

Expenditures

- **Employee compensation:** 2.5% merit increase and \$996,000 in step increases.
- **Budgeted FTE's:** General fund FTE's are decreasing from 788 to 769 (estimated) and total fund FTE's are increasing slightly from 1,355 to 1,357.
- **Budgeted Payroll:** Budgeted general fund payroll, including ERE's, amounted to \$47,929,056 in FY 2008 and is decreasing to \$45,406,355 in FY 2009. The total funds budgeted payroll in FY 2008 was \$82,437,814 and is decreasing to \$80,154,309 in FY 2009.
- **Employee vacancy & turnover rates:** The employee vacancy rate is estimated at 8%.
- The General Administration budget has almost doubled to \$4.1 million in FY 2009.
- The landfill budget is increasing from \$9,197,805 to \$11,102,132; however, the actual expenditures last year were only \$711,266.
- **Jail facilities:** The existing jail facilities facility was designed to hold 240 beds but houses an average of 350 to 400. The County is building a new jail and plans to spend approximately \$72 million which will be financed through a lease-purchase agreement. The proposed facility will have over 240,000 square feet and hold more than 688 beds, with the ability to expand up to 1,100 beds.

Debt/Capital Projects:

At the end of FY 2007, Mohave County held \$16.4 million in outstanding COPs, according to DOR's Report on Bonded Indebtedness. The total debt service payments amount to approximately \$9 million in FY 2009, with the breakdown as follows:

- COPS 2004: \$1.8 million
- Jail: \$5 million (see capital projects below)
- Scenic road and bridge project: \$1.3 million
- Scenic road and bridge reserve fund: 539,284
- Horizon 6 paving: \$187,975
- Horizon 6 reserve fund: \$82,877
- Phase V administration: \$56,500

Capital projects (\$34 million):

- Capital improvements: \$2,772,962
- Capital improvements-sales tax: \$20,726,193 (allocated to the following projects: Planning & Zoning building-\$4.5 million; administration building-\$2.5 million; new jail-\$5.4 million; probation building-\$2.8 million)
- Beaver Dam Construction: \$6,177,614
- GVID Construction in Progress: \$3,101,241
- GVID Reserve: \$719,909
- Butler Improvement Reserve: \$348,939
- Improvement district reserve: \$213,939

NAVAJO COUNTY

Overview

- Navajo County's general fund budget increased \$1,463,157 (3.2%), from \$45,913,040 in FY 2008 to \$47,376,197 in FY 2009.
- The general fund is beginning FY 2009 with a \$13,107,248 unreserved balance, up \$800,940 (6.5%) from last year. The fund balance represents 27.7% of the total general fund.
- The county's total budget is up \$1,232,262 (1%), from \$119,637,665 to \$120,869,927.

Property Tax Revenues

Primary Levy

- Navajo County is levying \$5,246,080 in primary property taxes in FY 2009, which is \$338,889 (6.9%) more than last year's levy of \$4,907,191. Of the increase, \$236,359 (70%) was attributed to new construction while \$102,530 (30%) was an increase on existing properties.
- The rate is decreasing from \$0.6041 to \$0.5775 (maximum tax rate is \$0.5776). Since the adopted primary rate of \$0.5775 exceeded the TNT rate of \$0.5663, the County was required to hold a TNT hearing.

Flood Control District

- The flood control rate remains the same at \$0.3000 in FY 2009, which will generate a levy of \$2,366,891, \$423,610 (21.8%) more than last year.
- The flood control district budget increased \$1,024,193 (16.7%), from \$6,136,962 in FY 2008 to \$7,161,155 in FY 2009.

Library District

- The library district is levying \$499,380 (\$73,721/17.3% more) in property taxes, up from \$425,659. The library district rate remains the same at \$0.0500.
- The Library district budget increased \$172,548 (22.7%), from \$759,210 to \$931,758.

Public Health Services District (PHSD)

- The county established a PHSD by unanimous vote of the board in 2002. The maintenance of effort payment is \$211,175.
- The tax rate remains the same at \$0.1963, generating an additional \$289,430 (17.3%) in secondary taxes to a total of \$1,960,566.
- The PHSD budget is increasing from \$5,059,043 to \$5,987,742, a \$928,699 (18.4%) increase. The district pays for services, ranging from animal control services, public health and detention nurse's salaries.
- The county holds over \$2 million in reserves in the PHSD fund that it plans to use for construction of health facilities. ATRA believes the county lacks the statutory authority to use district funds for construction purposes.

Navajo County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	0.6041	0.5776	0.5776	0.5775	-0.0266
Flood	0.3000			0.3000	0.0000
Library	0.0500			0.0500	0.0000
Public Health	0.1963			0.1963	0.0000
Overall Rate	1.1504			1.1238	-0.0266

Other General Fund Revenues

- Auto lieu increased \$133,375 (6.1%), from \$2,179,767 to \$2,313,142.
- State shared sales tax is down \$305,000 (2.7%), from \$11,505,000 to \$11,200,000.
- Half-cent sales tax remains the same at \$7,215,248.
- PILT is up \$81,229 (10.8%), from \$749,814 to \$831,043.

Special Revenues

Road Fund

- HURF revenue is decreasing \$1,400,000 (15%), from \$9,325,000 to \$7,925,000
- Auto Lieu is decreasing \$100,000, from \$3,000,000 to \$2,900,000.

Expenditures

- **Employee compensation:** The County is rewarding employees with a 5% increase on their anniversary date, at a cost of \$800,000 to the general fund and \$1.25 million to total funds.
- **Budgeted FTE's:** General fund FTE's are budgeted at 425 and 650 in total funds.
- **Budgeted payroll:** The general fund budgeted payroll, including ERE's, is \$24 million in FY 2009 and \$41.125 million in total funds.
- **Health benefits:** Employee health insurance premiums are staying the same. The county pays 98% of the employee's health coverage and has a tiered system in place for dependents.
- **Vacancy & turnover rates:** The County vacancy and turnover rates are approximately 10%.
- **Jail Facilities:** The County jail currently holds 444 beds and is near capacity. The County rents 68 beds to BOP at \$68.41/day. The County also rents 44 beds to DOC at \$48.44/day. The total projected revenue in FY 2009 is \$1.9 million. County officials are considering the creation of a jail district in order to levy a ½-cent sales tax. The question may go to voters as early as May 2009.

Debt/Capital Projects:

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county held \$5,635,000 in revenue bonds. The County took out \$7,320,000 in 20-year revenue bonds in 2000 for the construction of a jail facility. The annual debt service payment for FY 2009 is \$634,750.

The county took out \$6.6 million in revenue bonds in 2008 for 15 years to pay for several projects, including a new county administrative building in Heber-Overgaard, facility renovations and improvements of water tanks and other facilities at the Holbrook county complex, renovations and improvements to the electrical system at the county complex, and the acquisition of sites, improvements and buildings located in Show Low, which will serve as a new regional county service center. The county plans to pay for the debt service payments with general fund TPT revenues. The payment in FY 2009 is \$589,650.

PIMA COUNTY

Overview

- Pima County's general fund budget for FY 2009 is \$501,413,093, an increase of \$12,643,445 (2.6%) over last years' general fund budget of \$488,769,648.
- The county's unreserved general fund balance for the beginning of this fiscal year is \$27,749,033. This is \$15,324,945 (36%) less than last year.
- Although the County shows the total budget in FY 2009 amounts to \$1,691,315,092. This represents a decrease of \$26,670,169 (1.6%) from FY 2008's budget of \$1,717,985,261.

Property Tax Revenues

Primary Levy

- The levy is increasing \$14,269,782 (5.4%), from \$264,866,986 to \$279,136,768, which is entirely the result of new construction.
- The county's primary rate is dropping 21 cents from \$3.6020 to \$3.3913 (25.86 cents below the maximum allowable tax rate of \$3.6499 and just below the TNT rate of \$3.3950).

Debt Service

- The county's debt service rate is dropping eight cents to \$0.6050. The levy is increasing \$1,739,201 (3.1%), from \$56,309,711 to \$58,048,912.
- The debt service budget is increasing \$22,576,278 (29%), from \$77,945,345 to \$100,521,623.

Flood Control

- The flood control district levy is decreasing \$53,190, from \$25,542,408 to \$25,489,218. The rate is being reduced five cents, from \$0.3446 to \$0.2935.
- The Flood Control's budget is decreasing \$2,573,216 (15%), from \$17,074,685 to \$14,501,469.

Library District

- The Pima County library district rate is decreasing nearly six cents, from \$0.3975 to \$0.3393, with the levy decreasing \$120,708, from \$32,676,073 to \$32,555,365.
- The Library District budget is decreasing \$1,283,013 (3.5%), from \$37,090,595 to \$35,807,582.
- The county is in a five-year transition in the funding and operation of the regional Library System to the District, removing the City of Tucson entirely from any responsibility after the fifth year. The city's contribution will continue to decrease \$2 million each year until the FY 2010.

Pima County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	3.6020	3.6460	3.6499	3.3913	-0.2107
Bonds	0.6850			0.6050	-0.0800
Flood	0.3446			0.2935	-0.0511
Library	0.3975			0.3393	-0.0582
Overall Rate	5.0291			4.6291	-0.4000

Other General Fund Revenues

- State shared sales tax revenues are budgeted to bring in \$104,800,000, \$7,400,000 (6.6%) less than last year.
- Auto lieu tax is down \$225,000, from \$28,000,000 to \$27,775,000.
- Transient lodging tax is down \$569,595 (7.2%), from \$7,919,244 to \$7,349,649.

Special Revenues

Transportation

- HURF is budgeted to generate \$63,903,057, \$1,928,366 (3%) less than last year.
- The HURF budget is increasing \$922,595 (2%), from \$47,337,071 to \$48,259,666.

Expenditures

- **Budgeted FTE's:** General fund FTE's are increasing from 4,471 to 4,550. Total FTE's are decreasing from 8,282 to 8,044.
- **Employee compensation:** The County is not budgeting for employee pay raises in FY 2009. However, \$2,406,078 is budgeted to fund the full year cost of salary adjustments for corrections and peace officers awarded by the Board in FY 2008 (annualized cost of \$4,812,156).
- **Vacancy & Turnover rates:** The average employee vacancy rate is 10.9%. The average turnover rate is 11%.
- **Budgeted payroll:** The general funds budgeted payroll, including ERE's, is \$270,799,107 and \$469,629,521 in total funds.
- The county is picking up losses in federal grants (\$497,525) that fund staff within the criminal justice system:
 - \$207,085 (Byrne Grant) used to fund four positions in the county attorney's narcotics and property crime unit, including two felony prosecutors.
 - \$173,554 (Byrne Grant) used by Superior Court to fund one judge pro tempore and a portion of a second judge pro tempore position, both used to process criminal matters.
 - \$95,554 (Justice Assistance Grant) used to fund a felony prosecutor in the county attorney's office.
 - \$21,332 (Title IV-D Grant) used by Superior Court to fund a portion of two staff positions that assist in the expeditious processing of child support cases.
- \$431,900 is appropriated for the cost of highspeed ballot counters (\$291,900) and a ballot on-demand printing system (\$140,000).
- \$560,666 is budgeted for the continued match of federal COPS in Schools grant that currently funds 14 sheriff's deputies (scheduled to expire in FY 2010).
- The county is budgeting \$15,000,000 more in its payment to University Physicians for the operation of Kino Hospital in addition to the \$10,000,000 that was originally scheduled. University Physicians requested to reapportion the schedule of payments in order to afford increased payments in FY 2008 and 2009 and decreased payments thereafter.
- The health care costs in the county adult detention facility are budgeted at \$10.4 million, which is approximately \$2 million (23.6%) more than last year. In the juvenile facility, the county is budgeting to spend 13.6% more on health care, amounting to \$3.3 million.
- The fund balance in the Solid Waste Special Revenue Fund is projected to be \$514,381. The county has been exploring several options in order to control the costs associated with the fund, including the elimination of some rural collection sites and providing reduced services at other sites. The County has also reduced staff wherever possible and is currently evaluating other options such as closing some sites or developing a partnership agreement with the private sector.
- The sheriff's general fund budget is increasing from \$111,391,669 to \$118,065,906 in FY 2009.
- **Jail facilities:**
 - **Adult facility:** The adult facility holds up to 2,357 beds and the average occupancy is 85%. The county rents beds to the cities, state, and Federal government. Approximately 11% of beds are rented on average and the rate charged per bed is \$68.79/day (booking rate is \$176.25). In FY 2009, the County is anticipating \$7,030,000 in revenue from

renting beds. The budgeted expenditures for medical services (for both adult and juvenile) are increasing from \$13,709,030 in FY 2008 to \$14,048,378 in FY 2009.

- **Juvenile facility:** The juvenile facility holds up to 265 beds and has an average occupancy of 45%. The County does not rent beds from the juvenile facility.
- **Capital projects in jail facilities:**
 - Corrections Jail Security Project: \$664,441 included in FY 2009 budget; total cost of project is \$3.9 million. The project includes security upgrades, replacement of the main jail elevator system, and installation of evaporative cooling and smoke-evacuation systems, heating systems, and restoration of mail jail housing units.

Debt

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county held \$627,885,713 in debt at the end of FY 2007, accounting for over 60% of the total debt outstanding by all 15 counties. Of the total, \$30.3 million is in COP's, \$290 million in G.O. bonds, and \$308 million in revenue bonds.

- **G.O. Debt:** The FY 2009 annual payment is \$55,905,530. The current outstanding obligation, including principal and interest, is \$534 million.
- **Flood Control G.O.:** FY 2009 is the last year a payment will be made for the flood control district G.O. bonds. The payment is \$755,450.
- **Transportation Bonds:** The FY 2009 annual payment is \$18,512,463. The total outstanding debt is \$191 million and is scheduled to be paid off in 2022.
- **Highway Extension/Expansion Loan Program (HELP):** The debt service payment is \$1,061,180 in FY 2009.
- **Certificates of Participation (COP's):** The FY 2009 debt service payment is \$24,250,000, with the total outstanding debt of \$94,400,000 to be paid off in 2012.
- **Other Certificates of Participation (COP's):** The FY 2009 debt service payment for purchase of the Bank of America building is \$2,908,524 (Payments are made from the General Fund). The outstanding debt of \$40,728,049 is scheduled to be paid off in 2022.

Existing capital projects:

Pima County and the City of Tucson are proceeding with the construction of a new courthouse (was previously suspended), which is being funded by the 2004 bond package. At the time of the 2004 bond proposal, \$76 million was dedicated to the project; however, the current cost estimate has increased to \$155 million. Approximately \$20 million has already been spent on land acquisition, archaeological digs, consultant fees, and utility relocation.

Future Bond Proposal:

The county has postponed its bond proposal until November 2009. The county plans to ask voters to approve \$750 million to \$1 billion in additional debt.

PINAL COUNTY

Overview

- Pinal County's general fund budget for FY 2009 is \$198,252,939. This is an increase of \$8,252,939 (4.4%) over FY 2008.
- The county shows an unreserved general fund balance of \$41,521,077, which is \$5,710,263 (16%) more than last year. The fund balance represents 21% of the total general fund.
- The total budget is decreasing \$29,205,729 (6.2%), from \$475,000,000 to \$445,794,271.

Property Tax Revenues

Primary Levy

- The primary property tax levy for FY 2009 is \$84,913,180, generating \$8,211,803 (10.7%) more revenue than last year's levy of \$76,701,377. Of the \$8,211,585 increase, \$6,609,109 (80%) was attributed to new construction while \$1,602,694 (20%) was an increase to existing properties.
- The Primary rate is dropping 58 cents from \$4.0183 to \$3.4355, which is just under the maximum allowable tax rate of \$3.4381. The adopted primary rate of \$3.4355 exceeded the TNT rate of \$3.3707; therefore, the County was required to hold a TNT hearing.

Accommodation School

- Pinal County has levied a primary property tax for the county accommodation school since 1995. The levy is increasing \$704,094 (29.3%), from \$2,403,181 to \$3,107,275. The tax rate remains the same at \$0.1259.
- Prior to the passage of Prop 101 in 2006, the county was well under its constitutional levy limit to levy the additional tax. However, since tax year 2006, the primary rate levied for the accommodation school combined with the primary rate levied for maintenance and operations of the county exceeds the county's constitutional levy limit. In ATRA's opinion, the primary property tax rate levied for the accommodation school should be considered as part of the county's constitutional levy limit.

Flood Control District

- The Flood Control District levy is increasing \$2,120,549 (82.2%), from \$2,579,984 to \$4,700,533. The rate is increasing two cents, from \$0.1300 to \$0.1500.
- The district budget is increasing \$4,135,339 (98%), from \$4,219,129 to \$8,354,468. The majority of the budget increase will be used to pay \$2.7 million for replacement of Schnepf Bridge, complete Pinal County Area Drainage Master Plan Phases C and D including 22 watersheds, install additional flood gauges and provide floodplain mapping of Santa Cruz.

Library District

- The Library District levy is \$1,548,294 (86.1%) higher than last year, increasing the levy from \$1,797,817 to \$3,346,111. The rate is increasing two cents, from \$0.0770 to \$0.0970.
- The total Library District budget is increasing \$2,476,688 (168%), from \$1,474,000 to \$3,950,688.
- The county is in the process of opening up a branch in the San Tan Heights/ Johnson Ranch area (modular building at Hunt Hwy & AZ Farms). The county is paying cash for the project from the library district revenues. The county is also transferring \$160,000 to the general fund based on the Central Service Allocation (indirect services costs).

Pinal County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	4.0183	3.4355	3.4381	3.4355	-0.5828
Accommodation school (p)	0.1259			0.1259	0.0000
Flood	0.1300			0.1500	0.0200
Library	0.0770			0.0970	0.0200
Overall Rate	4.3512			3.8084	-0.5428

Other General Fund Revenues

- The half-cent sales tax is decreasing \$3,900,000 (18.6%), from \$21,000,000 to \$17,100,000.
- State shared sales tax is down \$2,140,000 (7.9%), from \$27,000,000 to \$24,860,000.
- Auto Lieu is up \$1,200,000 (15.4%), from \$7,800,000 to \$9,000,000.
- PILT is staying the same at \$860,000.
- Building permit revenues are decreasing \$1.3 million (34.2%), from \$3,800,000 to \$2,500,000.

Public Health Services District

- The county board of supervisors created a PHSD by unanimous vote of the board, which became effective in October 2007, which is funded by a 0.10-cent sales tax rate.
- The County has budgeted \$3,420,000 in sales tax revenues for FY 2009.
- The PHSD budget is \$4,462,754 in FY 2009. With district revenues, the county is planning to fund expanded clinic hours (immunizations). The County was originally going to purchase mobile units to provide immunizations throughout the county; however, the County has decided to postpone this expenditure until FY 2010. Other services provided by the District include control of sexually transmitted and communicable diseases, family planning and nutrition of children and pregnant mothers. The county is transferring a total of \$350,000 for the Central Service Allocation.
- The maintenance of effort payment is \$1.2 million.

Special Revenue Funds

Roads

- HURF revenue is down \$3,025,986 (12.1%), from \$24,982,821 to \$21,956,832.
- The HURF budget is decreasing from \$30,182,018 to \$27,558,990 in FY 2009.

Expenditures

- **Employee compensation:** The County is awarding employees with a 2.5% longevity increase that is effective on the employee's anniversary date. The cost to the general fund is \$920,000 and an estimated \$1.2 million to total funds.
- **Budgeted FTE's:** General fund FTE's are budgeted at 1,743 and total FTE's are at 2,702. Six new FTE's are going to the new superior court division, which is scheduled to open in April 2009.
- **Vacancy & turnover rates:** The employee turnover rate is 16% and the vacancy rate is 7%.
- **Budgeted Payroll,** including ERE's, is \$107 million in the general fund and \$164 in total funds.
- **Health benefits:** The County covers 100% of employee insurance premiums but the county does not cover any costs for dependents. The costs are increasing between 7% and 9%, which will be paid for out of the reserves in the Benefit Trust Fund.
- **Development Fees:** In 2006, the Board adopted a resolution to levy development fees. The fees for single family residences range from \$7,081 to \$8,924 depending on the location. The majority of the revenues go to fund streets, with the remaining revenues funding parks and safety. The county has budgeted to receive \$22.9 million in revenues in FY 2009.

- **Jail Facilities:**

- **Adult Jail:** The adult facility has a maximum of 1,504 beds with an average occupancy of 1,200 to 1,250. Beds are rented to the US Marshalls at \$59.64/day. The county has a contract with ICE that requires the county to make up to 625 beds available to ICE, and on average, 500 to 550 are rented annually. The county is currently renegotiating the rate charged to ICE. The total estimated revenues from ICE is \$11.4 million and \$1 million from the US Marshalls.
- **Juvenile:** The juvenile facility holds 96 beds with an average occupancy of 45. Beds are only rented to the US Marshalls at \$80/day (22 beds). The annual revenues are estimated at \$175,000.
 - The county will not be shifting revenues from the secondary special districts to make up for the shift to the state.
 - The county is spending \$2,700,000 to lease 57 vehicles (41 for the Sheriff and 16 for the general fund). In the past, the county paid cash to purchase vehicles.

Debt/Capital Projects:

According to the Department of Revenue's FY 2006-07 Report of Indebtedness, the county held \$160,420,000 in debt. Of that amount, \$97.2 million is in MPC debt and \$63.2 million in revenue bonds.

The County is going out for a GADA loan to fund various projects in the FY 2009 budget. Although the initial proposal was to acquire a GADA loan between \$20 and \$25 million, the Board of Supervisors will be holding a public hearing on November 12, 2008, to increase the request to an amount not to exceed \$47 million. The loan will be funded from the County's ½-cent general fund sales tax and will support the following projects:

- Expansion of offices in Apache Junction and the County Housing Division office (\$1.5 million)
- Renovation of court facilities in Eloy and Maricopa (\$2.4 million)
- Build-out of Superior Court (\$807,000)
- Upgrades to the Sheriff/Adult Detention/Court security systems (\$276,000)
- Renovations and relocation of IT/MIS (\$2 million)
- Construction and improvement of a water storage capacity and filtration system at the Justice Complex (\$4.7 million)
- Expansion of and improvement along Hunt Highway (\$34 million)

Debt Service Payments: Total debt service payments in FY 2009 amount to \$16,695,033:

- **Certificates of Participation:** Superior Court (\$2,499,265); Jail refunding bonds (\$1,550,625); adult/juvenile detention expansion (\$4,974,744).
- **GADA:** Ironwood/Gantzel Road (\$5,046,413); Long Term Care/Animal Care/Control expansion (\$567,879).
- **Lease purchase:** Casa Grande Probation bldg (\$148,114); Energy Conservation #1 & #2 (\$206,185).
- **Capital Lease:** \$1,701,808.

SANTA CRUZ COUNTY

Overview

- Santa Cruz County's FY 2009 general fund budget is \$30,585,355, which is \$3,155,620 (9.4%) lower than last year's budget.
- The county starts the year with an unreserved general fund balance of \$11,046,347. This is a decrease of \$904,842 (7.6%) from last year's balance of \$11,951,189. The fund balance represents 36.1% of the total general fund.
- This year's total budget of \$69,369,779 is \$154,605 more than last year's adopted budget of \$69,215,174.

Property Tax Revenues

Primary Levy

- The primary property tax levy of \$10,630,673 is \$683,541 (6.9%) higher than last year's levy. Of the \$683,541 increase, \$475,220 (70%) was the result of new construction and \$208,321 (30%) was an increase to existing properties.
- The adopted rate of \$3.0142 is the maximum allowable under the Constitution. The county was required to hold a TNT hearing since the proposed primary rate exceeded the TNT rate of \$2.9551.

Flood Control

- The county's flood control levy is up from \$1,900,641 to \$2,249,327, a \$348,686 (18.4%) increase. The rate is decreasing slightly from \$0.6115 to \$0.6028. The budget is down \$15,906, from \$2,709,724 to \$2,693,818.

Santa Cruz County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	3.1809	3.0100	3.0142	3.0142	-0.1667
Flood	0.6115			0.6028	-0.0087
Overall Rate	3.7924			3.6170	-0.1754

Other General Fund Revenues

- Auto lieu tax is staying the same at \$1,300,000.
- The county half-cent sales tax is down \$200,000 (6.9%), from \$2,900,000 to \$2,700,000.
- State shared sales tax is down \$1,100,000 (22.5%), from \$4,900,000 to \$3,800,000.
- PILT is up slightly, from \$570,905 to \$577,647.

Special Revenue Funds

- Road fund revenue is down \$615,203 (13.3%), from \$4,623,660 to \$4,008,457.
 - The road fund budget decreased \$420,816 (6.8%), from \$6,196,848 to \$5,776,032.

Jail District

- Voters approved the jail district in November 2005, with the ability to levy a half-cent sales tax effective 7/1/06. The budgeted sales tax revenues are decreasing \$185,000 (6.4%), from \$2,900,000 to \$2,715,000.
- The jail district budget is increasing \$1,591,511 (26.6%), from \$5,982,012 to \$7,573,523.
- The maintenance of effort payment in FY 2009 is \$2,389,575.
- The existing juvenile facility holds a total of 32 beds and has an average occupancy of approximately 50%.

- The existing adult jail facility holds 104 beds and the average occupancy is approximately 85%. Once completed, the new adult facility will hold up to 372 beds (with triple bunking).
- The medical costs in the jail were \$350,000 in FY 2007 and \$400,000 in FY 2008.
- The county currently rents beds from the adult facilities.

Expenditures

- **Budgeted payroll:** Budgeted payroll, including ERE's, in the general fund is \$13,446,844 and \$24,172,980 in total funds.
- **Budgeted FTE's:** The general fund budgeted FTE's is 210 and 402 in total funds.
- **Employee compensation:** The County is not budgeting for employee pay raises this year. However, the county is absorbing the increase in employee retirement increases at a cost of \$155,000 to the general fund and \$310,000 to total funds.
- **Vacancy & Turnover rates:** Employee vacancy is less than 5% and turnover is approximately 10%.
- **Health benefits:** Health benefit premiums are increasing approximately 12% at a cost of \$141,000 to the general fund and \$212,000 to other funds. The county has a tiered schedule for the amount they pay for employee and dependent coverage, which varies between 88%-93% for employees and 72%-78% for dependents.
- The county has no plans to shift secondary property tax revenues to the general fund to make up for the state cost shifts. Instead, the county is recommending the following saving measures: eliminate cell phones, take home vehicles, new vehicle purchases, uniform allowance, special assignment pay, professional certification pay, reduce travel by 50%, increase employee contributions for health insurance, eliminate 13 FTE's (includes some vacant positions), and implement a work furlough program. Other policy recommendations include the following: limit county operations to a four-day work week, install and manage a county fuel station, review, adjust or create fee schedules to cover county expenses, etc.

Debt/Capital Projects:

In August 2008, the County borrowed a total of \$60 million from GADA for new jail and court facilities described as follows:

- \$44,590,000 in revenue bonds over 22 years for the construction of a new 110,000 square-foot jail detention facility that will hold 372 adult beds and 32 juvenile beds. In FY 2009, the debt service payment is budgeted at \$3,246,370.
- \$15,114,114 over 30 years for the construction of new court facilities, with a debt service payment of \$2,035,390 (includes the \$995,023 scheduled debt service payment for FY 2009 plus overhead fees).

YAVAPAI COUNTY

Overview

- The county general fund budget for FY 2009 of \$82,195,375 is a \$3,101,291 (3.6%) decrease from last year's adopted budget of \$85,296,666.
- This year's beginning general fund balance of \$688,332 is \$2,849,399 (81%) less than last year's fund balance of \$3,537,731. The fund balance represents 3.5% of the total general fund.
- The total budget for FY 2009 is \$331,062,273, \$44,097,329 (15.4%) more than last year's total budget of \$286,964,944.

Property Tax Revenues

Primary Levy

- The county's primary property tax levy of \$40,429,914 is \$2,654,608 (7%) more than last year's levy of \$37,775,306. Of the increase, \$1,644,884 (62%) is attributed to new construction while \$1,009,724 (38%) was an increase to existing properties.
- The primary rate dropped from \$1.5292 to \$1.3683. Since the primary rate exceeded the TNT rate of \$1.3342, the County was required to hold a TNT hearing.

Flood Control District

- The Flood Control rate is staying the same at \$0.1723. The levy is increasing 1,399,691 (31.3%), from \$4,473,313 to \$5,873,004.
- The Flood Control District budget is increasing \$3,307,008 (48%), from \$6,895,728 to \$10,202,736.
- The county charges the flood control district for reimbursement of services, which amounts to \$600,000 in FY 2009.
- Although not specified in the budget, county officials report that there is at least \$4 million held in reserves.

Library District

- The Library District rate is slightly increasing from \$0.1016 to \$0.1020, with the levy increasing \$923,476 (31.9%), from \$2,899,059 to \$3,822,535.
- The Library District budget is increasing \$1,697,207 (55.3%), from \$3,071,587 to \$4,768,794.
- The County Library District holds \$1,973,951 in contingency.

Yavapai County	2007	2008 levy limit	Qwest adj	2008 Adopted	Change
Primary	1.5292	1.3600	1.3609	1.3683	-0.1609
Flood	0.1723			0.1723	0.0000
Library	0.1016			0.1020	0.0004
Overall Rate	1.8031			1.6426	-0.1605

Other General Fund Revenues

- The county's half-cent sales tax is decreasing \$723,357 (10%), from \$7,174,000 to \$6,450,643. The county's allocation of sales tax to the general fund is 40% and 60% to the road fund.
- VLT is decreasing from \$8,221,500 to \$8,100,000.
- State shared sales tax is down \$1,629,781 (5.8%), from \$27,918,198 to \$26,288,417.
- PILT revenues are dropping slightly from \$1,323,147 to \$1,315,572.

Special Revenue Funds

Road Fund

- HURF revenue is dropping from \$18,754,947 to \$14,689,294, a \$4,065,653 (22%) decrease.

- The HURF budget is dropping 24%, from \$20,633,749 to \$15,590,249.
- The revenue distributed to regional roads is decreasing 60%, from \$29,892,531 to \$12,075,965 (Last year, the county anticipated \$14 million in loan proceeds but that revenue was never received). The budget is dropping from \$27,738,186 to \$20,143,813.

Jail District

- Yavapai County voters approved a jail district in November 1999 with the authority to levy a ¼-cent sales tax to fund the district. Initially the Board levied a rate of \$0.20 but that rate was increased to \$0.25 in July 2003. In November 2008, the Board is requesting that voters approve an increase in the sales tax rate, from \$0.25 to \$0.50. The current ¼-cent sales tax is expected to generate \$8,111,922 in revenue, \$961,678 (10.6%) less than last year.
- The maintenance of effort payment is \$6,039,102.
- The jail district budget is increasing slightly from \$16,460,158 to \$16,726,537.
- There are approximately 780 beds in the adult facility, with the average occupancy at 539. The county is estimating a total of \$720,000 by renting beds to other jurisdictions, down \$1,186,000 from last year. The County rents beds to ICE, the local tribes, and US Marshalls at \$60/day.

Expenditures

- **Employee compensation:** The Board will not be awarding any raises to employees in FY 2009.
- **Budgeted FTE's:** the budgeted FTE's for the general fund is 829 and 1,554 in total funds.
- **Budgeted payroll:** the budgeted payroll for the general fund, including ERE's, is \$56,410,278 and \$81,798,205 in total funds.
- **Health benefits:** the county is experiencing a 14% increase in health insurance premiums this year and employees are being held harmless. However, the employees had a small decrease in benefits as well as an increase in the cost of dependent coverage. The County currently pays 100% of employee health benefit costs and 45% for dependents. The cost of this year's 14% increase in insurance premiums will cost \$431,262 to the general fund and \$1,082,592 to total funds.
- **Vacancy & Turnover rates:** The employee vacancy rate is currently 3.6% and the turnover rate is 16.25%.
- The board has implemented a "hiring chill" which means that they will only fill critical positions, such as in law enforcement. Department budgets were cut with employee vacancy savings, eliminating travel budgets, etc.
- The board is not allocating any revenue this year to fund the vehicle replacement program (5-year turnaround) or the county's computer replacement program.
- The board approved the purchase of a new CAMA system for the assessor's office (instead of utilizing the DOR system). The county entered into an RFP on October 20, 2008, to have the system in place for tax year 2011. The estimated cost of the system is \$350,000 per year with some additional up-front costs for staff training, equipment, and travel. The Assessor Surcharge Fund balance is currently \$795,536 and will be used to make the annual payments. The assessor has been made aware that the sunset date for the assessor surcharge fund will not be extended based on the agreement with AACO at the time the last sunset date was extended.
- Although the county has the authority, the Board will not utilize special district revenues to backfill the \$2.1 million state budget impact to the county for HURF, DPS labs, etc.

Debt/Capital Projects:

In May of this year, the County entered into a 20-year \$50 million lease/purchase agreement to fund the following projects: Prescott Lakes Site Development; Juvenile Detention Facility; Camp Verde Court Facility; Sheriff/Adult Prob/Co. Atty/ Pub Defense. The total cost of the projects amount to

approximately \$70 million; therefore, the remaining \$20 million will be funded from the county sales tax, as well as the lease-purchase payments, which is \$2,225,000 in FY 2009.

The County has a \$25,275,000 Variable Rate Demand Highway Construction Advancement Revenue Bond Series 2007 (dated July 2008) that was used to advance funds to ADOT for the construction of SR260 in order to move the project up on ADOT's construction schedule. ADOT will pay back the County within five to eight years and the County will be paying interest during that time. For FY 2009, the interest payment is budgeted at \$1,400,000.

The jail district issued \$15,260,000 in revenue bonds in 2002 to build the Camp Verde jail. The debt service for FY 2009 is \$1,871,010 and the estimated pay off date of the bonds is 2012.

YUMA COUNTY

Overview

- Yuma County's FY 2009 general fund budget increased from \$70,064,220 to \$76,069,544, which is \$6,005,324 (8.6%) more than last year.
- The county began FY 2009 with an unreserved general fund balance of \$15,014,822, which is \$2,669,563 (21.6%) more than last year's fund balance. The fund balance represents 19.7% of the total general fund.
- The FY 2009 total budget decreased \$31,545,719 (10.4%), from \$304,176,816 to \$272,631,096.

Property Tax Revenues

Primary Levy

- The primary levy of \$20,327,539 is an increase of \$1,390,685 (7.4%) over last year's levy of \$18,936,854. Of the \$1,390,725 increase, \$1,022,794 (74%) was attributed to new construction and \$367,891 (26%) was an increase to existing properties.
- The Yuma County primary tax rate dropped from \$2.0192 to \$1.8825, which is just below the constitutional levy limit. However, since the adopted primary rate was greater than the TNT rate of \$1.8484, the County was required to hold a TNT hearing.

Flood Control District

- The flood control district levy increased from \$3,376,472 to \$3,825,923, representing an increase of \$449,451 (13.3%).
- The rate for the flood control district is dropping from \$0.3500 to \$0.3178.
- The flood control district budget increased \$1,089,215 (8%) to \$14,673,316. A total of \$2,852,736 is held in reserves.

Library District

- The library district levy is increasing \$388,647 (3.9%), from \$10,114,123 to \$10,502,770.
- The library district rate is dropping nearly 20 cents, from \$0.9140 to \$0.7671 (includes the rate of \$0.2541 for bonds).
- In 2005, the voters of Yuma County authorized the library district to sell \$53 million in G.O. bonds to pay for three new libraries, expansion/renovation of three branches, and enhancements of two branches throughout the county.
- The library district budget increased \$2,264,174 (22%), from \$10,343,220 to \$12,607,394. The budgeted contingency is \$994,897.
- In the FY 2009 library district budget, the County added 6 new positions for the Heritage Library branch, 6.5 for the new Main library, 2.03 for the San Luis branch, 1.5 for the Somerton branch, and 1 rover position. The district is getting ready to break ground on a library in Somerton.

Yuma County	2007	2008 levy limit	Qwest/Yuma error adj	2008 Adopted	Change
Primary	2.0192	1.8301	1.8854	1.8825	-0.1367
Flood	0.3500			0.3178	-0.0322
Library	0.9140			0.7671	-0.1469
Overall Rate	3.2832			2.9674	-0.3158

Other General Fund Revenue

- Auto lieu is up \$168,000 (2.2%), from \$7,590,000 to \$7,758,000.
- The budgeted half-cent county sales tax is down \$701,000 (5.2%), from \$13,392,000 to \$12,691,000.
- State shared sales tax is budgeted to drop \$961,695 (4.7%), from \$20,408,000 to \$19,446,305.

- PILT is decreasing \$80,066 (4%), from \$2,016,357 to \$1,936,291.

Special Revenue Funds

HURF (Road) Fund

- The county's HURF revenues are increasing \$409,000 (3.1%), from \$13,111,000 to \$13,520,000.
- The HURF fund budget is increasing from \$28,397,346 to \$31,984,798.

Jail District

- The Yuma County jail district sales tax is dropping \$701,000 (5.2%), from \$13,392,000 to \$12,691,000. The half-cent sales tax is scheduled to expire in 2015; therefore, the county is planning on going back to voters in the near future to seek reapproval.
- The jail district budget is decreasing from \$22,793,691 to \$21,253,439.
- The maintenance of effort payment is \$6,311,558 in FY 2009.
- The new county jail annex, in which \$10 million was financed with the 2007 revenue bond issuance, is scheduled to open in late August 2008. The new facility will add 81 beds, increasing the total number of beds to 757. As a result, the county added 20 new FTE's to the budget. Prior to the expansion, approximately 600 of the district's 676 beds were occupied on a daily basis.

Public Health Services District (PHSD)

- The County Board of Supervisor's, by a unanimous vote, created the PHSD in April 2005. The district is funded with a 0.1% sales tax rate, which is estimated to produce \$2,538,056 in FY 2009, down from \$2,678,369 in FY 2008.
- Since the district was created by a unanimous vote of the board rather than by the voters, the maintenance of effort payment for the district is \$786,898, which represents 60% of the average county expenditures of the county over the three fiscal years prior to the district's creation.
- The health services budget is increasing from \$10,161,214 in FY 2008 to \$10,753,815 in FY 2009. A portion of the budget includes funding for animal control, nurse's salaries (pre-natal), staff salaries (family planning), and environmental health.

Expenditures

- **Employee compensation:** The county has four different pay plans:
 - Non-court employee's are moving from an open plan to a step plan, effective 7/13/08. The step increase will be up to 2.4%, depending on where the employee is in the pay scale. In addition, all county employees will also receive a maximum 2.5% merit increase if they achieve a performance evaluation rating of "meets" or "exceeds."
 - Courts-all employees will receive a 4.9% merit increase.
 - Attorney's-the 13 people who chose to remain in the attorney step program will receive a maximum 5% increase.
 - Juvenile Detention Officers-In order to bring juvenile detention officers pay more in line with adult detention officers, the county is giving juvenile detention officers the same 4.9% increase as the court employees. In addition, the county has set aside \$186,000 for market adjustments in October 2008.
 - The cost to the general fund for all pay-raises is estimated at \$1,214,657 and \$2,176,491 to total funds.
- **Budgeted FTE's:** The budgeted general fund FTE's in FY 2009 is 666 and special funds is budgeted at 788, resulting in total budgeted FTE's of 1,454.
- **Vacancy & Turnover rates:** The County estimates an employee vacancy rate of 9% and turnover rate of 12%.

- **Budgeted payroll:** The general fund budgeted payroll, including ERE's, is \$41,472,686 and total budgeted payroll is \$84,598,439.
- **Health benefits:** Insurance premiums are going up approximately 6% this fiscal year. The county currently offers employees a three-tiered program option and the county's contribution varies with the different benefit levels.

Debt/Capital Projects:

As of June 30, 2008, the County has over \$70 million in outstanding debt.

- **G.O. Bonds (library district):** As of June 30, 2008, the district has \$51 million in principal outstanding. The budgeted debt service for FY 2009 is \$4,299,122; however, the scheduled debt service payment is \$3,304,225 (\$359,750 + \$2,944,475). There is currently \$994,897 held in contingency.
- **Revenue Bonds (Jail District-2006):** The total outstanding debt in revenue bonds is \$18,150,000. The scheduled debt service payment in FY 2009 is \$2,734,443 (\$1,859,693 + \$874,750); however, the budgeted debt service payment is \$4,295,926. Total contingency in this fund is \$1,550,646.

Certificates of Participation (COPs):

- The FY 2009 budgeted payment is \$960,343 (\$411,192 payment for the Adult probation facility, \$2,200 in bank charges, and \$546,951 in contingency).
- In 1998, Yuma County financed the construction of a new health/office facility with \$5,340,000 in COPs. In June 2008, the County paid the debt off with a payment of \$1,878,725 (originally scheduled to mature in July 2012).
- In 1999, the county issued \$4,405,000 in COPs to purchase office facilities for Adult Probation. As of June 30, 2008, the projected principal outstanding is \$1,345,000, with the COPs scheduled to mature July 1, 2012.

Current capital projects: The County is building a south county satellite office with cash. The total estimated cost of the project is \$3,500,000. The project is currently in the design phase and is scheduled for completion in 2010.