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# ARIZONA TAX RESEARCH ASSOCIATION

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## NEWSLETTER VOLUME 71 NUMBER 6 SEPTEMBER 2011

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### **Growth in College Budgets Supported by Higher Property Taxes & Tuition**

Community College District (CCD) general fund budgets grew 3.1% (\$33.1 million) in FY 2012. Although the state aid appropriated to districts this year was reduced by 48% (\$63.3 million), the districts more than offset those reductions by increasing local property taxes and tuition fees by a collective \$72 million.

#### **General Fund & Unexpended Plant Fund Expenditures**

General fund expenditures for the CCDs increased 3.1% (\$33.1 million) in FY 2012 to a total of \$1.1 billion. Maricopa CCD is responsible for 86% of the growth as a result of the \$28.6 million (4.4%) increase in general fund expenditures. The general fund budget increases in Cochise (\$2.5 million) and Graham CCD (\$2.2 million) contributed almost equally to the total growth in budgeted expenditures. Gila Provisional College also showed a significant increase in their budget of 43%; however, the district is reporting approximately \$2 million in tuition revenues for the first time in FY 2012. The remainder of the colleges either had minimal increases or decreases in budgeted expenditures, with the largest decrease of 9.5% adopted by Navajo.

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### **Counties Respond Differently to State Shifts & Declining Property Values**

ATRA has wrapped up its annual meetings with Arizona's 15 counties, and similar to last year, the challenges faced by the counties included revenue and expenditure shifts from the state (over \$94 million in FY 2012), as well as the uncertainty of sales tax and other general fund revenues. The counties absorbed this year's fiscal impacts mainly by either increasing property taxes or by drawing down their significant cash balances that had accumulated prior to the economic downturn. Overall, county general fund budgets changed only slightly in FY 2012, with fluctuations in budgets ranging from a decrease of 10.3% to an increase of 7%, and total county budgets dropping 3.3%.

#### **GENERAL FUNDS**

Statewide, county general fund budgets decreased just \$318,924, as a result of eight counties decreasing and seven counties increasing their budgets. Coconino County had the largest increase in its general fund budget of 7% (\$4.4 million). Greenlee and Yavapai Counties also had significant increases in their general fund budgets of 6.7% (\$615,854) and 6.5% (\$5.3 million), respectively. Apache County, on the other hand,

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Total unexpended plant funds, which are used to fund capital expenditures for the districts, decreased 33% (\$236 million) in FY 2012 to \$480 million. However, the decrease is skewed by the significant changes in the budgets of Maricopa CCD and Central Arizona College (CAC) in Pinal County. Although Maricopa decreased its Plant Fund budget by 46% (\$266 million), the district still maintains a capital budget of \$312 million, which represents 65% of the total district budgets. CAC had the largest growth of \$37.6 million (73.3%). It should be noted, however, that the significant fluctuations in Maricopa and CAC's Plant Budgets resulted mainly from the flow of revenues attributed to voter-approved bond proceeds.

**Table 1. General Fund & Unexpended Plant Fund Budgets**

CCD	General Fund Expenditures				Unexpended Plant Fund			
	FY 2011	FY 2012	\$ Chg.	% Chg.	FY 2011	FY 2012	\$ Chg.	% Chg.
Cochise	\$37,385,248	\$39,857,573	\$2,472,325	6.6%	\$6,463,773	\$3,005,300	-\$3,458,473	-53.5%
Coconino	\$17,268,863	\$17,190,719	-\$78,144	-0.5%	\$977,710	\$761,734	-\$215,976	-22.1%
Gila	\$4,531,263	\$6,487,789	\$1,956,526	43.2%	\$0	\$50,000	\$50,000	-
Graham	\$33,311,413	\$35,497,049	\$2,185,636	6.6%	\$8,067,339	\$6,690,677	-\$1,376,662	-17.1%
Maricopa	\$655,398,418	\$683,978,304	\$28,579,886	4.4%	\$577,202,988	\$311,618,670	-\$265,584,318	-46.0%
Mohave	\$35,701,958	\$36,663,091	\$961,133	2.7%	\$1,586,012	\$981,907	-\$604,105	-38.1%
Navajo	\$24,437,607	\$22,107,760	-\$2,329,847	-9.5%	\$2,560,000	\$4,400,000	\$1,840,000	71.9%
Pima	\$159,725,000	\$158,958,000	-\$767,000	-0.5%	\$39,027,000	\$33,621,000	-\$5,406,000	-13.9%
Pinal	\$39,227,000	\$39,876,400	\$649,400	1.7%	\$51,220,000	\$88,775,000	\$37,555,000	73.3%
Yavapai	\$39,342,524	\$38,161,900	-\$1,180,624	-3.0%	\$24,066,248	\$25,116,100	\$1,049,852	4.4%
Yuma/La Paz	\$37,098,387	\$37,738,659	\$640,272	1.7%	\$5,026,140	\$5,038,540	\$12,400	0.2%
<b>Total</b>	<b>\$1,083,427,681</b>	<b>\$1,116,517,244</b>	<b>\$33,089,563</b>	<b>3.1%</b>	<b>\$716,197,210</b>	<b>\$480,058,928</b>	<b>-\$236,138,282</b>	<b>-33.0%</b>

**Full-Time Student Equivalent (FTSE)**

The community colleges are budgeting for an estimated 160,848 FTSE in FY 2012, which equates to an increase of 12,066 or 8.1%. In fact, none of the districts are anticipating a decrease in their FTSE counts this fiscal year.

Maricopa CCD accounts for the majority of the growth in the statewide FTSE number after budgeting for an additional 7,856 (9.2%), followed by Cochise with an increase of 1,720 (21.6%). Only the FTSE counts for three districts - Coconino, Gila, and Navajo - anticipate no change in FY 2012.

**Table 2. Budgeted FTSE**

**Table 3: State Aid**

CCD	Table 2. Budgeted FTSE				Table 3: State Aid			
	FY 2011	FY 2012	Chg.	%Chg.	FY 2011	FY 2012	\$ Chg.	% Chg.
Cochise	7,980	9,700	1,720	21.6%	\$15,330,500	\$13,620,900	-\$1,709,600	-11.2%
Coconino	2,350	2,350	0	0.0%	\$2,679,400	\$1,836,000	-\$843,400	-31.5%
Gila	1,350	1,350	0	0.0%	\$658,400	\$428,100	-\$230,300	-35.0%
Graham	4,450	4,900	450	10.1%	\$21,709,300	\$21,605,700	-\$103,600	-0.5%
Maricopa	85,000	92,856	7,856	9.2%	\$45,327,400	\$6,891,400	-\$38,436,000	-84.8%
Mohave	4,200	4,337	137	3.3%	\$3,682,900	\$1,792,200	-\$1,890,700	-51.3%
Navajo	2,650	2,650	0	0.0%	\$10,214,000	\$8,172,000	-\$2,042,000	-20.0%
Pima	26,202	26,600	398	1.5%	\$15,942,000	\$7,146,000	-\$8,796,000	-55.2%
Pinal	5,350	5,800	450	8.4%	\$4,365,000	\$2,089,000	-\$2,276,000	-52.1%
Yavapai	4,100	4,692	592	14.4%	\$4,196,000	\$899,200	-\$3,296,800	-78.6%
Yuma/La Paz	5,150	5,613	463	9.0%	\$7,751,200	\$4,089,564	-\$3,661,636	-47.2%
<b>Total</b>	<b>148,782</b>	<b>160,848</b>	<b>12,066</b>	<b>8.1%</b>	<b>\$131,856,100</b>	<b>\$68,570,064</b>	<b>-\$63,286,036</b>	<b>-48.0%</b>

**State Aid**

As a result of the state's ongoing struggle to balance the budget, the Legislature reduced the amount appropriated in state aid to Arizona's CCDs by \$63.3 million (48%) in FY 2012. Maricopa CCD received the largest decrease of \$38.4 million (85%), followed by Pima CCD with an \$8.8 million (55%) drop. The only district that went virtually untouched by the cuts in state aid was Eastern

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Arizona College (EAC) in Graham County. With only a 0.5% (\$103,600) decrease, EAC now receives the largest share of state aid at \$21.6 million, which represents over 30% of total state aid appropriated to the colleges. In fact, the amount of state aid appropriated to EAC translates into \$4,409 per FTSE, in contrast to the \$74 per FTSE received by Maricopa CCD.

**Tuition & Fees**

The statewide average per credit hour for in-state tuition increased \$5 to \$69. The revised tuition rates show that Arizona residents will pay the highest tuition rates in Coconino (\$80), Maricopa (\$76), and Mohave (\$74). Conversely, the lowest tuition rates are offered in Pima (\$59), Navajo (\$60), and Cochise (\$63). As a result of the tuition hikes, total revenue from tuition and fees to the districts rose 16.6% (\$49.5 million), from \$297.2 million to \$346.6 million.

Districts blamed the tuition increases on the large decrease in state aid. All of the community colleges, except Navajo, increased their tuition and fee revenues in FY 2012. Maricopa CCD experienced the largest increase of \$33 million (17.4%), which almost entirely offset the district's \$38.4 million decrease in state aid. Yuma/La Paz had the largest tuition increase in percentage terms of 30.7%, raising its total tuition revenue by \$2.3 million. Navajo CCD was the only college to actually show a decrease in tuition revenues, which dropped 9.4% (\$435,000). And although Graham CCD remained basically unscathed by the cuts in state aid as stated above, the district's percent increase in tuition revenues was the second highest of all the colleges, reflecting 25.8% (\$1.9 million) more than last year.

CCD	FY 2011	FY 2012	\$ Chg.	% Chg.
<b>Cochise</b>	\$7,456,752	\$9,145,730	\$1,688,978	22.7%
<b>Coconino</b>	\$7,095,755	\$7,805,805	\$710,050	10.0%
<b>Gila</b>	-	\$1,950,000	\$1,950,000	-
<b>Graham</b>	\$7,173,567	\$9,025,508	\$1,851,941	25.8%
<b>Maricopa</b>	\$190,000,064	\$223,029,599	\$33,029,535	17.4%
<b>Mohave</b>	\$10,971,790	\$11,793,361	\$821,571	7.5%
<b>Navajo</b>	\$4,635,000	\$4,200,000	-\$435,000	-9.4%
<b>Pima</b>	\$48,338,000	\$53,797,000	\$5,459,000	11.3%
<b>Pinal</b>	\$5,544,000	\$6,015,000	\$471,000	8.5%
<b>Yavapai</b>	\$8,390,970	\$9,982,400	\$1,591,430	19.0%
<b>Yuma/La Paz</b>	\$7,579,000	\$9,904,864	\$2,325,864	30.7%
<b>Totals</b>	<b>\$297,184,898</b>	<b>\$346,649,267</b>	<b>\$49,464,369</b>	<b>16.6%</b>

**Primary Levies/NAV's**

The primary property taxes levied by the CCDs in FY 2012 increased \$22.4 million (3.6%) despite the \$10.6 billion (15.1%) decrease in statewide primary net assessed values (NAV's). Maricopa CCD was responsible for the majority of the increase (over 80%) by raising its primary taxes \$18.4 million (5%). In percentage terms, Navajo CCD had the largest increase in primary taxes of 6.1% (\$735,533). In fact, primary taxes in all of the districts increased except for Pinal CCD, which reduced its levy 7.8% (\$3 million).

CCD	Levy Limit FY 2012	Primary Levy				% of Levy Limit	Primary Rate			
		FY 2011	FY 2012	\$ Chg.	% Chg.		FY 2011	FY 2012	\$ Chg.	% Chg.
<b>Cochise</b>	\$17,486,975	\$16,655,987	\$17,486,975	\$830,988	5.0%	100%	\$1.5984	\$1.6657	\$0.0673	4.2%
<b>Coconino</b>	\$6,600,495	\$6,436,010	\$6,600,495	\$164,485	2.6%	100%	\$0.3352	\$0.3649	\$0.0297	8.9%
<b>Gila</b>	\$3,538,084	\$3,398,263	\$3,538,084	\$139,821	4.1%	100%	\$0.5978	\$0.6833	\$0.0855	14.3%
<b>Graham</b>	\$4,899,627	\$4,647,670	\$4,899,627	\$251,957	5.4%	100%	\$2.1373	\$2.1445	\$0.0072	0.3%
<b>Maricopa</b>	\$401,819,017	\$371,276,183	\$389,655,514	\$18,379,331	5.0%	97%	\$0.7926	\$1.0123	\$0.2197	27.7%
<b>Mohave</b>	\$18,899,694	\$18,260,641	\$18,899,694	\$639,053	3.5%	100%	\$0.7866	\$0.9779	\$0.1913	24.3%
<b>Navajo</b>	\$12,710,760	\$11,975,227	\$12,710,760	\$735,533	6.1%	100%	\$1.1308	\$1.2387	\$0.1079	9.5%
<b>Pima</b>	\$90,131,564	\$87,206,000	\$90,131,564	\$2,925,564	3.4%	100%	\$0.9755	\$1.0846	\$0.1091	11.2%
<b>Pinal</b>	\$48,949,026	\$37,665,018	\$34,713,631	-\$2,951,387	-7.8%	71%	\$1.4700	\$1.6070	\$0.1370	9.3%
<b>Yavapai</b>	\$39,609,218	\$38,397,561	\$38,714,700	\$317,139	0.8%	98%	\$1.2050	\$1.4274	\$0.2224	18.5%
<b>Yuma/La Paz</b>	\$23,822,284	\$22,903,329	\$23,822,284	\$918,955	4.0%	100%	\$1.5000	\$1.6163	\$0.1163	7.8%
<b>Total/Avg.</b>	<b>\$668,466,744</b>	<b>\$618,821,889</b>	<b>\$641,173,328</b>	<b>\$22,351,439</b>	<b>3.6%</b>	<b>96%</b>	<b>\$1.1390</b>	<b>\$1.2566</b>	<b>\$0.1176</b>	<b>10.3%</b>

**Colleges**, *Continued from page 3*

CCD	FY 2011	FY 2012	\$ Chg.	% Chg.
Cochise	\$1,042,041,186	\$1,049,827,355	\$7,786,169	0.7%
Coconino	\$1,920,050,801	\$1,808,850,474	-\$111,200,327	-5.8%
Gila	\$568,461,573	\$517,793,688	-\$50,667,885	-8.9%
Graham	\$217,455,207	\$218,269,239	\$814,032	0.4%
Maricopa	\$46,842,818,990	\$38,492,098,635	-\$8,350,720,355	-17.8%
Mohave	\$2,321,464,632	\$1,932,681,709	-\$388,782,923	-16.7%
Navajo	\$1,059,004,850	\$1,026,137,125	-\$32,867,725	-3.1%
Pima	\$8,939,647,260	\$8,310,120,212	-\$629,527,048	-7.0%
Pinal	\$2,546,948,819	\$2,160,151,176	-\$386,797,643	-15.2%
Yavapai	\$3,187,559,879	\$2,581,917,931	-\$605,641,948	-19.0%
Yuma/La Paz	\$1,526,888,551	\$1,473,877,585	-\$53,010,966	-3.5%
<b>Total</b>	<b>\$70,172,341,748</b>	<b>\$59,571,725,129</b>	<b>-\$10,600,616,619</b>	<b>-15.1%</b>

Like counties and cities, community college districts are subject to the constitutional levy limits of 2% plus new construction. Therefore, although values dropped 15.1%, the districts had the authority to counter the reduced values with upward adjustments to their tax rates. As a result, the CCDs collectively increased their primary tax rates nearly 12 cents (10.3%) on average. Each of the 11 districts increased their tax rates, ranging from a low of \$0.0072 in Graham CCD to a high of \$0.2224 in Yavapai. Following Yavapai in rate increases were Maricopa (\$0.2197) and Mohave (\$0.1913) CCDs. Of the 11 districts, all but three districts levied the maximum allowable under the Constitution. Pinal CCD levies the furthest below its constitutional levy limit at just 70.9%. Maricopa and Yavapai are within only 3% of their levy limits.

CCD	FY 2011	FY 2012	\$ Chg.	% Chg.	% of GF
Cochise	\$12,633,943	\$14,667,612	\$2,033,669	16.1%	36.8%
Coconino	\$4,796,319	\$5,131,360	\$335,041	7.0%	29.8%
Gila	-	\$150,000	\$150,000	-	2.3%
Graham	\$24,989,750	\$20,173,863	-\$4,815,887	-19.3%	56.8%
Maricopa	\$127,304,852	\$160,395,038	\$33,090,186	26.0%	23.5%
Mohave	\$10,073,873	\$8,753,641	-\$1,320,232	-13.1%	23.9%
Navajo	\$3,500,000	\$5,500,000	\$2,000,000	57.1%	24.9%
Pima	\$64,914,580	\$65,300,000	\$385,420	0.6%	41.1%
Pinal	\$13,831,400	\$17,243,747	\$3,412,347	24.7%	43.2%
Yavapai	\$8,255,396	\$10,808,500	\$2,553,104	30.9%	28.3%
Yuma/La Paz	\$12,000,000	\$12,000,000	\$0	0.0%	31.8%
<b>Totals</b>	<b>\$282,300,113</b>	<b>\$320,123,761</b>	<b>\$37,823,648</b>	<b>13.4%</b>	<b>28.7%</b>

**Cash Balances**

Arizona CCDs have financed their increased budgets with higher property taxes and tuition despite access to substantial reserves. In FY 2012, the overall growth in general fund cash balances was 13.4% or \$37.8 million (this excludes any cash a district may hold in its Plant Fund budget). All of the districts experienced increases in their cash balances except Graham, Mohave, and Yuma/La Paz, in which the cash balance remained unchanged. Even though Graham's cash balance dropped 19.3% (\$4.8 million), the amount held in cash still accounts for nearly 57% of the district's budgeted general fund expenditures and is the largest cash balance, in percentage terms, of all the districts. Mohave's cash balance dropped \$1.3 million (13.1%); however, the district's cash balance represents nearly 24% of its budgeted expenditures. The largest increase in cash occurred in Maricopa, with \$33.1 million more than last year, bringing total cash for the district to \$160.4 million. Navajo experienced the largest percentage increase in its cash balance of 57%, raising total cash for the district up to \$5.5 million and representing nearly 25% of its general fund budgeted expenditures.

*Jennifer Stielow*

**Counties**, *Continued from page 1*

reduced its budget 10.3% (\$2 million). The reduction in Apache's general fund budget was largely the result of a reduction in the county's contingency fund, which was used to transfer cash from the general fund to pay off the county's Greater Arizona Development Authority (GADA) loan. La Paz County trimmed its budget 9% (\$1.2 million), followed by Pinal County with a 3.7% (\$7.3 million) drop in its general fund budget.

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

**Property Taxes**

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

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

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

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

**Counties**, *Continued from page 5*

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

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

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

**Cash Balances**

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

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

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

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

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analysis, cash balances actually increased \$14.2 million (6.9%).

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

**TOTAL BUDGETS**

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

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

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

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

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

**EXPENDITURES PER CAPITA**

The manner in which Arizona's 15 counties spend their budgets varies. For some counties, the general fund may occupy a majority of the total budget while others fund special revenue funds with high precedence. For instance, most counties provide public health services from their general fund but some have created special taxing districts instead to fund those same services. Therefore, it is possible for two counties of roughly the same population to have per capita expenditures that differ significantly, depending on whether the county has shifted expenditures to special districts. Cochise County, for example, spends more per capita in the general fund than Coconino County. However, nearly 70% of Coconino County's budget is special revenue funds (includes the newly

**Counties**, *Continued from page 7*

created PHSD whereas Cochise County has not created a special taxing district to fund those same services) compared to 52% for Cochise County, so Cochise actually spends less than Coconino County in total expenditures per capita.

With total population down 4.2% from last year and general fund budgets showing minimal decreases, it is no surprise that average general fund expenditures per capita are up from \$360 to \$375 (4.4%) in FY 2012. In dollars, Greenlee County had the largest increase in general fund per capita expenditures at \$104, trailed by Cochise County at \$65. In percentage terms, general fund expenditures per capita shot up 15.4% in Yavapai County, ahead of Cochise County (11.8%) and Greenlee County (9.9%). Only three counties dropped in general fund expenditures per capita, with Pinal County having the largest dollar and percentage decrease at \$49 and 8.9%, respectively. La Paz County fell \$26 (4%), along with Apache County, down \$10 (4.1%). Removing the significant weight that Maricopa County's budget has on the total increases the average to \$477.

County	2009	2010	Change	% Change
Apache	76,668	71,700	-4,968	-6.5%
Cochise	147,601	141,924	-5,677	-3.8%
Coconino	136,735	134,697	-2,038	-1.5%
Gila	57,204	53,591	-3,613	-6.3%
Graham	39,792	37,277	-2,515	-6.3%
Greenlee	8,688	8,440	-248	-2.9%
La Paz	21,616	20,496	-1,120	-5.2%
Maricopa	4,023,331	3,824,143	-199,188	-5.0%
Mohave	206,763	200,113	-6,650	-3.2%
Navajo	115,420	107,699	-7,721	-6.7%
Pima	1,018,012	981,185	-36,827	-3.6%
Pinal	356,303	376,376	20,073	5.6%
Santa Cruz	64,507	60,925	-3,582	-5.6%
Yavapai	228,494	210,897	-17,597	-7.7%
Yuma	215,284	207,215	-8,069	-3.7%
<b>Total</b>	<b>6,716,418</b>	<b>6,436,678</b>	<b>-279,740</b>	<b>-4.2%</b>

Total expenditures per capita increased 1.0%, from \$979 to \$989. Yuma County had the largest dollar and percentage increases in the state of \$190 (14.6%). Coconino County was the second largest increase at \$152 (10%). Total expenditures per capita for Pinal County dropped \$258 (21.4%) to \$949, the product of a large budget decrease coupled with the lone increase in population in the state. Pima County's per capita expenditures fell just over 7% to \$1,801. Again, omitting Maricopa County from the analysis moves the average up to \$1,435.

<b>TABLE 7: General Fund Expenditures Per Capita</b>					<b>TABLE 8: Total Expenditures Per Capita</b>				
County	FY 2011	FY 2012	\$ Change	% Change	County	FY 2011	FY 2012	\$ Change	% Change
Apache	\$248	\$237	-\$10	-4.1%	Apache	\$725	\$733	\$8	1.1%
Cochise	\$555	\$620	\$65	11.8%	Cochise	\$1,316	\$1,290	-\$26	-2.0%
Coconino	\$465	\$505	\$40	8.6%	Coconino	\$1,518	\$1,670	\$152	10.0%
Gila	\$832	\$867	\$35	4.2%	Gila	\$1,823	\$1,792	-\$31	-1.7%
Graham	\$486	\$516	\$29	6.1%	Graham	\$768	\$816	\$48	6.3%
Greenlee	\$1,053	\$1,156	\$104	9.9%	Greenlee	\$1,925	\$2,004	\$79	4.1%
La Paz	\$643	\$617	-\$26	-4.0%	La Paz	\$1,393	\$1,313	-\$80	-5.7%
Maricopa	\$289	\$302	\$13	4.4%	Maricopa	\$627	\$675	\$48	7.6%
Mohave	\$396	\$420	\$24	6.0%	Mohave	\$1,295	\$1,343	\$49	3.8%
Navajo	\$337	\$359	\$23	6.7%	Navajo	\$986	\$1,058	\$72	7.3%
Pima	\$479	\$501	\$22	4.6%	Pima	\$1,940	\$1,801	-\$139	-7.2%
Pinal	\$554	\$505	-\$49	-8.9%	Pinal	\$1,206	\$949	-\$258	-21.4%
Santa Cruz	\$541	\$543	\$2	0.3%	Santa Cruz	\$1,557	\$1,613	\$55	3.6%
Yavapai	\$352	\$407	\$54	15.4%	Yavapai	\$1,155	\$1,221	\$66	5.7%
Yuma	\$370	\$391	\$21	5.6%	Yuma	\$1,297	\$1,487	\$190	14.6%
<b>Total</b>	<b>\$360</b>	<b>\$375</b>	<b>\$16</b>	<b>4.4%</b>	<b>Total</b>	<b>\$979</b>	<b>\$989</b>	<b>\$10</b>	<b>1.0%</b>

*Ben Nowicki*