

FY 2014 TENTATIVE BUDGET REVIEW

Arizona Counties



Apache County, AZ



ARIZONA TAX RESEARCH ASSOCIATION

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Introduction to FY 2014 County Budgets

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 tentative budgets of Arizona's fifteen counties for fiscal year (FY) 2014.

This report includes a summary analysis of the tentative budgeted revenues and expenditures of the general fund and other funds (i.e. special revenue funds, capital projects, and enterprise funds) of each county. The analysis focuses on the change in primary and secondary net assessed values, primary property tax rates and levies, as well as the change in the secondary tax rates and levies for voter-approved overrides, bonds, and special taxing districts.

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, including employee-related expenses (ERE's) such as health insurance coverage and retirement costs (does not include the cost of salary adjustments/promotions awarded to employees). Also included in the report are the budgeted full time equivalents (FTE's) and employee vacancy and turnover rates. Additional information pertaining to potential future bond elections and current outstanding debt obligations, if applicable, is included in this report as well.

Please note that this report is based on the FY 2014 tentative budgets adopted by the counties, and therefore, the information provided may have changed at the time of final budget adoption, including the tax rates and levies proposed by the counties.

Majority of Counties to Adopt Tax Rates within Truth-in-Taxation (TNT) Limits

Following last year's 8.3% drop in values, the 6.7% additional dip in property values this year appears to represent the trough of the collapse of Arizona's real estate market. Last year, all fifteen counties adopted primary tax rates within their TNT limits. This year, ten of the fifteen counties proposed to adopt primary tax rates at or below their TNT levels despite the additional decline in property values. With the aggregate 6.7% drop in values, combined with the decision by the majority of counties to comply with TNT, total primary taxes levied by the counties are set to decrease 1.4% in FY 2014.

County	FY 2013 PNAV	FY 2014 PNAV	\$ Change	% Change
Apache	\$ 544,620,229	\$ 525,723,278	\$ (18,896,951)	-3.5%
Cochise	1,038,327,080	1,006,475,403	(31,851,677)	-3.1%
Coconino	1,747,818,103	1,519,086,333	(228,731,770)	-13.1%
Gila	490,120,378	438,624,843	(51,495,535)	-10.5%
Graham	208,931,298	192,240,653	(16,690,645)	-8.0%
Greenlee	378,114,177	335,715,128	(42,399,049)	-11.2%
La Paz	230,127,986	216,835,366	(13,292,620)	-5.8%
Maricopa	34,263,842,274	31,996,204,979	(2,267,637,295)	-6.6%
Mohave	1,791,765,155	1,771,371,872	(20,393,283)	-1.1%
Navajo	974,292,390	903,351,854	(70,940,536)	-7.3%
Pima	8,073,937,734	7,559,129,097	(514,808,637)	-6.4%
Pinal	2,153,783,739	1,988,882,373	(164,901,366)	-7.7%
Santa Cruz	369,498,126	338,356,662	(31,141,464)	-8.4%
Yavapai	2,405,473,723	2,232,629,599	(172,844,124)	-7.2%
Yuma	1,186,605,732	1,112,115,440	(74,490,292)	-6.3%
Total	\$ 55,857,258,124	\$ 52,136,742,880	\$ (3,720,515,244)	-6.7%

Under the TNT laws, local governments are required to notify taxpayers of their intent to increase primary property taxes (exclusive of new construction) over the previous year. Of the ten counties that

will be adopting rates within their TNT limits, four of those counties will adopt the same tax rate as last year, which includes Cochise, Gila, Mohave, and Pinal. In fact, the primary tax rate that will be adopted by Gila County is 60 cents below its TNT rate and Pinal County's rate is 40 cents less than TNT. Cochise County will adopt a rate that is more than 12 cents below TNT, and Mohave's rate will be within 6 cents of its TNT limit. The two largest counties, Maricopa and Pima, are intending to adopt rates that are below the TNT limit, at approximately 8 cents and less than 1 cent, respectively (*Pima County reduced its primary tax rate further at final budget adoption*). The remaining four of the ten counties, Graham, La Paz, Navajo, and Yuma, will adopt their TNT rates.

The five counties that are opting to increase taxes this year above TNT levels include Apache, Coconino, Greenlee, Santa Cruz, and Yavapai. Santa Cruz County is set to adopt the largest rate increase of 90 cents (*reduced in the final budget*), followed by Yavapai with a 29-cent increase (14 cents above TNT), and Greenlee with 12 cents (*reduced in the final budget*). Apache and Coconino are the only counties that plan to adopt their maximum tax rates allowed under the constitutional levy limits.

Proposed Primary Property Taxes

County	FY 2013	FY 2014	% Change	TNT Limit	% of TNT
	Levy	Proposed Levy			
Apache	\$2,256,361	\$2,414,647	7.0%	\$2,275,451	6.12%
Cochise	\$27,283,082	\$26,446,148	-3.1%	\$27,691,172	-4.50%
Coconino	\$7,830,225	\$8,303,326	6.0%	\$7,982,138	4.02%
Gila	\$20,536,044	\$18,378,381	-10.5%	\$21,010,606	-12.53%
Graham	\$4,361,232	\$4,558,218	4.5%	\$4,558,183	0.00%
Greenlee	\$2,349,223	\$2,495,035	6.2%	\$2,398,240	4.04%
La Paz	\$4,250,509	\$4,251,708	0.0%	\$4,251,626	0.00%
Maricopa	\$425,111,491	\$409,775,397	-3.6%	\$434,065,759	-5.60%
Mohave	\$32,602,959	\$32,231,883	-1.1%	\$33,254,583	-3.08%
Navajo	\$6,236,446	\$6,318,553	1.3%	\$6,318,748	0.00%
Pima	\$275,951,044	\$280,443,689	1.6%	\$281,132,117	-0.24%
Pinal	\$81,841,628	\$75,575,541	-7.7%	\$83,532,599	-9.53%
Santa Cruz	\$10,425,390	\$12,591,943	20.8%	\$10,542,744	19.44%
Yavapai	\$39,512,311	\$43,108,560	9.1%	\$39,997,714	7.78%
Yuma	\$22,305,815	\$22,916,250	2.7%	\$22,916,027	0.00%
Total	\$962,853,760	\$949,809,279	-1.4%	\$981,927,707	-3.27%

Despite the fact that the majority of counties are adopting rates within their TNT limits, the average tax rate between last year and this year will increase 16 cents, from \$1.9677 to \$2.1281. Therefore, although the aggregate value of property dropped, individual properties whose values remained level or increased may see their tax bills rise as a result.

Proposed Primary Tax Rates

County	2012 Tax Rate	2013 Proposed Rate	Change	2013 TNT RATE	TNT Required	over/under TNT	2013 Max Tax Rate
Apache	0.4143	0.4593	0.0450	0.4328	YES	0.0265	0.4593
Cochise	2.6276	2.6276	0.0000	2.7513	NO	-0.1237	3.0425
Coconino	0.4480	0.5466	0.0986	0.5255	YES	0.0211	0.5466
Gila	4.1900	4.1900	0.0000	4.7901	NO	-0.6001	6.0981
Graham	2.0874	2.3711	0.2837	2.3711	NO	0.0000	2.4668
Greenlee	0.6213	0.7432	0.1219	0.7144	YES	0.0288	0.7432
La Paz	1.8646	1.9608	0.0962	1.9608	NO	0.0000	2.0785
Maricopa	1.2407	1.2807	0.0400	1.3566	NO	-0.0759	1.8169
Mohave	1.8196	1.8196	0.0000	1.8773	NO	-0.0577	2.1444
Navajo	0.6401	0.6995	0.0594	0.6995	NO	0.0000	0.7423
Pima	3.4178	3.7100	0.2922	3.7191	NO	-0.0091	4.7491
Pinal	3.7999	3.7999	0.0000	4.2000	NO	-0.4001	5.8235
Santa Cruz	2.8215	3.7215	0.9000	3.1159	YES	0.6056	3.8465
Yavapai	1.6426	1.9308	0.2882	1.7915	YES	0.1393	2.1680
Yuma	1.8798	2.0606	0.1808	2.0606	NO	0.0000	2.2877
Avg Rate	1.9677	2.1281	0.1604	2.1578		-0.0297	2.6009

County General Fund and Total Fund Budgets

The county general fund tentative budgeted revenues consist mainly of primary property taxes, county sales taxes, and state shared sales and vehicle license tax revenues. The county general fund revenues fund all essential county government services, including public health, law enforcement, courts, and transportation, including various elected departments such as county attorney, sheriff, assessor, treasurer and recorder.

County General Fund and Total Fund Budgets

County	General Fund			Total Funds		
	FY 2013	FY 2013	% Chg.	FY 2013	FY 2013	% Chg.
Apache	\$15,488,797	\$18,343,856	18.4%	\$51,492,813	\$51,171,362	-0.6%
Cochise	\$83,964,571	\$80,459,349	-4.2%	\$158,782,707	\$160,363,511	1.0%
Coconino	\$67,158,299	\$70,808,913	5.4%	\$216,743,152	\$263,715,576	21.7%
Gila	\$46,155,010	\$49,791,046	7.9%	\$96,468,130	\$95,426,216	-1.1%
Graham	\$20,309,658	\$20,935,438	3.1%	\$31,890,759	\$33,111,593	3.8%
Greenlee	\$11,514,477	\$12,585,902	9.3%	\$21,290,602	\$23,588,984	10.8%
La Paz	\$14,010,366	\$15,553,280	11.0%	\$26,965,250	\$30,723,347	13.9%
Maricopa	\$1,035,674,136	\$949,330,433	-8.3%	\$3,112,081,596	\$3,065,574,042	-1.5%
Mohave	\$73,297,582	\$75,131,146	2.5%	\$255,080,903	\$253,081,098	-0.8%
Navajo	\$39,325,245	\$39,984,750	1.7%	\$113,367,385	\$118,533,913	4.6%
Pima	\$492,090,256	\$506,918,164	3.0%	\$1,891,854,274	\$1,572,312,020	-16.9%
Pinal	\$190,822,498	\$186,973,272	-2.0%	\$334,515,835	\$373,723,558	11.7%
Santa Cruz	\$27,108,017	\$27,601,491	1.8%	\$73,370,071	\$71,557,387	-2.5%
Yavapai	\$88,018,086	\$89,679,704	1.9%	\$236,582,755	\$224,231,808	-5.2%
Yuma	\$75,367,041	\$77,258,446	2.5%	\$242,839,540	\$249,718,511	2.8%
Total	\$2,280,304,039	\$2,221,355,190	-2.6%	\$6,863,325,772	\$6,586,832,926	-4.0%

*The amounts reported represent budgeted financial resources.

On average, county general fund budgets dropped 2.6%. However, the 2.6% decrease is dramatically skewed by Arizona's largest County, with Maricopa dropping its General Fund budget 8.3%. Removing Maricopa County from the analysis results in a 2.2% increase in county General Fund budgets on average. In fact, all but three counties increased their General Fund budgets in FY 2014. In addition to Maricopa County, Cochise County reduced its budget by 4.2% and Pinal County dropped its General Fund budget by 2%.

In addition to the county general funds, total funds include special revenue funds, capital projects, debt service, and enterprise funds. Examples of special revenue funds include the countywide special taxing districts, such as library, flood, hospital, public health care, and even a television district. In FY 2014, the county total fund budgets dropped by a collective 4%.

As a result of legislation enacted during the 2012 legislative session, all counties are required to post their tentative and final budgets to their official websites within seven days of adoption, which must include the Auditor General schedules A through G (schedule G is a newly created schedule that includes the budgeted FTE's and employee compensation plus employee related expenses).

At the time of this publication, ATRA sought and received feedback from the majority of the counties, which is reflected in the following summaries. ATRA welcomes any additional feedback from the counties after the publication of this report.

APACHE COUNTY
FY 2014 Tentative Budget

Overview

- Apache County's General Fund budget for FY 2014 is \$18,343,856. This represents an increase of \$2,855,059 (18.4%) over last year's budget of \$15,488,797.
- The County continues to hold \$4 million in its General Fund balance. The fund balance represents 21.8% of the General Fund.
- The total budget for FY 2014 is \$51,171,362, which represents a decrease of \$321,451 (0.6%) from last year's budget of \$51,492,813.

Property Values

- The primary net assessed value decreased \$18.9 million (3.5%) to \$525,723,278. The secondary net assessed value dropped \$27.9 million (5%) to \$531,638,110.

Property Tax Revenues

Primary Levy

- Apache County is proposing to adopt its maximum tax rate of \$0.4593. Since the adopted rate exceeded the TNT rate of \$0.4328, the County is required to publish notice and hold a public hearing regarding the tax increase.
- The primary levy is increasing \$158,286 (7%), from \$2,256,361 to \$2,414,647.

Flood Control District

- In FY 2014, the Board of Supervisors chose not to levy a tax rate for the Flood Control District for the second year. County officials claim that the District can operate off of its existing fund balance, which is approximately \$300,000.
- The FY 2014 Flood Control District budget is down slightly to \$382,000. The actual expenditures for the District in FY 2013 were reported at \$150,000.

Library District

Operations

- The secondary tax rate for operations in the Library District is dropping \$0.0056, from \$0.2216 to \$0.2160. As a result, the levy is decreasing \$91,500 (7.4%), from \$1,239,838 to \$1,148,338.
- The Library District's operating budget of \$1,623,000 is \$20,108 over last year's budget. The balance in the Library District's operating fund is approximately \$785,000 (68% of levy).

General Obligation (GO) Bonds

- At the November 2006 general election, voters approved \$7.19 million in GO bonds to construct new libraries.
- The tax rate levied for bonds is decreasing from \$0.1118 to \$0.0813 in FY 2014. As a result, the levy is decreasing \$193,292 (31%), from \$625,514 to \$432,222.
- The debt service payment for the district bonds is increasing from \$705,825 to \$713,000. The fund balance in the Library's GO debt fund is \$500,000 (116% of levy).

Jail District

- The tax rate levied for the Jail District of \$0.2000 is at the maximum rate per statute. The FY 2014 levy is \$1,063,276, a decrease of \$55,711 (5%) below the FY 2013 levy.
- Apache County is budgeting \$750,000 for inmate housing in FY 2014. The adult facility can hold up to 178 beds. The County contracts with the Bureau of Prisons (BOP) to rent approximately 50 beds at a charge of \$63/day. The jail is nearly 80% occupied on average.

- The Jail District’s budget increased \$290,660 (8.8%), from \$3,300,673 to \$3,591,333.
- The maintenance of effort (MOE) payment is \$448,175 in FY 2014.
- The budgeted medical expenses in the jail remain at approximately \$110,000. The District uses a contractor in Maricopa County to facilitate psychological medical care to inmates.
- The Jail District’s fund balance in FY 2014 is \$362,000 (34% of the levy).

Juvenile Jail District

- The County Juvenile Jail District rate is increasing from \$0.0749 to \$0.0930. The levy is increasing \$75,362 (18%), from \$419,061 to \$494,423.
- The juvenile facility holds 13 beds and the average occupancy is 60%. The County does not rent its juvenile beds to other entities.
- The Juvenile Jail District budget decreased \$42,195 (4.8%), from \$886,538 to \$844,343.
- The MOE payment is \$314,391 in FY 2014.

Community College/Post Secondary Education

- The tax rate levied for junior college tuition is increasing \$0.0636, from \$0.2346 to \$0.2982. As a result, the levy is increasing \$272,773 (21%), from \$1,312,572 to \$1,585,345. The budget increased \$400,650 (18.2%), from \$2,200,000 to \$2,600,650.
- The tax rate levied for post secondary education to operate a local branch of Northland Pioneer College is dropping \$0.0400, from \$0.1400 to \$0.1000. As a result, the levy is decreasing \$251,653 (32%), from \$783,291 to \$531,638. The budget is increasing \$15,000 (2.4%), from \$615,000 to \$630,000.

Public Health Services District (PHSD)

- FY 2008 was the first year the County levied a property tax for the PHSD. The District was created by a unanimous vote of the Board in April 2007.
- The tax rate levied in FY 2014 is increasing slightly from \$0.1224 to \$0.1274. This year’s tax rate will generate a levy of \$677,307.
- The PHSD budget is decreasing from \$499,089 to \$447,058 (operations budget only).
- The MOE payment from the General Fund to the PHSD is \$105,688.
- The District’s fund balance is \$398,000 (59% of the levy).

APACHE COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	0.4143	0.4593	0.0450	0.4328	\$2,256,361	\$2,414,647	\$158,286	7%
Flood	0.0000	0.0000	0.0000		\$0	\$0	\$0	-
Library*	0.3334	0.2973	-0.0361		\$1,865,352	\$1,580,560	-\$284,792	-15%
Jail District	0.2000	0.2000	0.0000		\$1,118,987	\$1,063,276	-\$55,711	-5%
Juvenile Jail	0.0749	0.0930	0.0181		\$419,061	\$494,423	\$75,362	18%
JR College	0.2346	0.2982	0.0636		\$1,312,572	\$1,585,345	\$272,773	21%
Post S.Ed	0.1400	0.1000	-0.0400		\$783,291	\$531,638	-\$251,653	-32%
PHSD	0.1224	0.1274	0.0050		\$684,820	\$677,307	-\$7,513	-1%
OVERALL RATE	1.5196	1.5752	0.0556		\$8,440,444	\$8,347,196	-\$93,248	-1%

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

Other General Fund Revenues

- VLT is staying the same at \$520,000.
- State shared sales tax revenues are up \$315,000 (7.4%), from \$4,285,000 to \$4,600,000.
- The half-cent sales tax is increasing \$100,000 to \$1,200,000.
- PILT is decreasing \$50,221 (3.1%), from \$1,602,166 from \$1,551,945.
- The state budget reinstated \$550,000 for county assistance (lottery revenue) to Apache County in FY 2014.

Special Revenues

Road Fund

- HURF revenue is remaining the same at \$5,200,000.
- VLT revenue is remaining the same at \$2,100,000.
- The fund balance in the road fund is approximately \$1.4 million.
- The budget is dropping \$1,457,768 (14.8%) in FY 2014, from \$9,839,550 to \$8,381,782.

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

- The amount transferred from the special taxing districts to the General Fund in FY 2014 is \$1,329,147:
 - Flood Control District - \$112,361
 - Library District - \$251,293
 - Jail District - \$400,000
 - Juvenile Jail District - \$213,496
 - PHSD - \$351,997
- The County is transferring an additional \$500,000 from the Flood, Library, Jail, and Public Health Services Districts to the General Fund as allowed under the FY 2014 state budget provision to offset state cost shifts to counties (breakdown of transfers between funds will depend on fund balances).
- The County is also transferring \$927,682 from the road fund to the General Fund for indirect costs.

Expenditures

- Employee compensation: In FY 2013, the County awarded employees with a one-time \$1,000 across-the-board payment at an estimated total cost of \$380,000 (\$155,000 to the General Fund/\$225,000 to other funds). Employees who complete their six-month probation period receive a 2.5% increase in pay. In FY 2014, the County is awarding employee's with a 5% COLA, effective the first pay period in July. The estimated total cost is \$420,000 (\$280,000 to the General Fund/\$140,000 to other funds).
- Budgeted payroll: The FY 2013 estimated General Fund payroll, including employee-related-expenses (ERE's), was \$9,250,000 and the estimated payroll in total funds was \$21,250,000. In FY 2014, General Fund budgeted payroll, including ERE's, are budgeted at \$9,886,294. The budgeted payroll in total funds is reported at \$21,289,355.
- Employee benefits: The County covers 98% of the health premium costs for employees and 76% (on average) for dependents. In FY 2014, health insurance costs are increasing 5% and will be passed on to employees at a cost of \$120/employee. The County is a participant in the six-county insurance pool.
- Budgeted FTE's: In FY 2014, FTE's in the General Fund are increasing from 152 to 154. The FTE's in total funds are increasing from 376 to 390.
- Employee vacancy & turnover rates: Unknown by county officials.

Capital Projects/Debt

According to the Arizona Department of Revenue's FY 2011-12 Report of Indebtedness, the Library District has \$5,230,000 in outstanding GO debt. As noted above, the FY 2014 debt service payment is \$713,000. The County also has a loan from the Greater Arizona Development Authority (GADA), which has an outstanding balance of \$3,980,000. Currently, the County is paying interest-only on the GADA loan but is building up its General Fund balance in order to payoff the loan in FY 2017. The payment in FY 2014 is \$371,513. The FY 2014 budget does not include any capital projects.

COCHISE COUNTY
FY 2014 Tentative Budget

Overview

- Cochise County's General Fund budget for FY 2014 is \$80,459,349, a \$3,505,222 (4.2%) decrease below the FY 2013 budget of \$83,964,571.
- The County has a beginning fund balance of \$27,892,296, a decrease of \$2,968,722 (9.6%) below last year. The beginning fund balance represents 34.7% of the total General Fund.
- The total budget is \$160,363,511, which is a \$1,580,804 (1%) increase above last year's adopted budget of \$158,782,707.

Property Values

- The primary net assessed value dropped \$31.9 million (3.1%) to \$1,006,475,403. The secondary net assessed value dropped \$49.1 million (4.6%) to \$1,011,138,917.

Property Tax Revenues

Primary Levy

- The County is proposing to keep the primary tax rate the same at \$2.6276 in FY 2014. The primary property tax levy is dropping \$836,934 (3%) to \$26,446,148. Since the tax rate is lower than the TNT rate of \$2.7513, the County was not required to hold a TNT hearing. This year's tax rate is more than 41 cents below the county's maximum tax rate of \$3.0425.

Flood Control District

- The Flood Control District rate remains the same at \$0.2597. The levy is decreasing from \$2,333,793 to \$2,222,655, \$111,138 (4.8%) less than last year.
- Budgeted expenditures for the Flood Control District are \$7,214,675, a decrease of \$281,322 (3.8%) from last year. The actual expenditures reported for last year amounted to \$1,773,834, just 24% of the budgeted expenditures.
- In FY 2013, the fund balance in the district was \$4,692,120. The FY 2014 fund balance is \$5,306,375. Reserves have been built up to fund a variety of projects, which will steadily draw down the fund balance over the next few years.

County Library

- The Library District levy is \$1,467,163, \$71,186 (4.6%) less than last year's levy of \$1,538,349. The rate remains the same at \$0.1451.
- The Library District budget is increasing from \$2,255,053 to \$2,294,664, \$39,611 (1.8%) more than last year. The County operates five branches and a bookmobile. The Library District also operates the information system that is used by the city libraries.
- The beginning fund balance in FY 2013 was \$853,391. The FY 2014 fund balance is \$883,085. The reserves in the District will be used to purchase a new library cataloging system in the future at a cost of \$500,000.

COCHISE COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	2.6276	2.6276	0.0000	2.7513	\$27,283,082	\$26,446,148	-\$836,934	-3%
Flood	0.2597	0.2597	0.0000		\$2,333,793	\$2,222,655	-\$111,138	-5%
Library	0.1451	0.1451	0.0000		\$1,538,349	\$1,467,163	-\$71,186	-5%
OVERALL RATE	3.0324	3.0324	0.0000		\$31,155,224	\$30,135,966	-\$1,019,258	-3%

Other General Fund Revenues

- Budgeted auto lieu is down \$200,000 (5.4%), from \$3,700,000 to \$3,500,000.
- State shared sales tax is up \$200,000 (1.8%), from \$11,200,000 to \$11,400,000.

- The county's half-cent sales tax in FY 2013 was \$6,800,000. In FY 2014, the County is budgeting \$7,000,000 in revenue from the half-cent sales tax.
- PILT is budgeted at \$1,816,386 in FY 2014, which is down \$97,614 (5.1%) from last year.
- State lottery funds of \$550,000 were reinstated in FY 2014.

Special Revenues

HURF

- HURF revenues remain the same at \$8,100,000.
- The HURF budget is dropping \$1,107,780 (6.8%), from \$16,221,485 to \$15,113,705.

Charges to Special Districts

- Library District - In FY 2014, the County is charging the District a \$1.44 per parcel fee for the printing and mailing of tax bills, which amounts to a total charge of \$181,872. The County is also charging the District \$243,328 for indirect costs.
- Flood Control District - In FY 2014, the \$1.44 per parcel fee is amounting to a total charge of \$181,872 and \$54,000 is being charged to the District for indirect costs.
- Other taxing districts - In FY 2013, the County charged all of the other special taxing districts a total of \$53,388 for indirect costs.

Expenditures

- Employee compensation: In FY 2013, the County budgeted for a one-time pay-for-performance (PFP) distribution. The payments to the majority of employees (not including judicial and public safety) ranged from a minimum of \$400 to a maximum of \$4,000 (few employees received the maximum), depending on the employee's performance. One-third of the distribution was distributed in September 2012 and the remaining two-thirds in November 2012. The combined total of the two distributions was \$1.715 million, with an impact of \$1,157,000 to the General Fund and \$558,000 to other funds. In FY 2014, the County has set aside \$1.482 million for one-time distributions, with \$1,000,000 designated to the General Fund. The Board has not decided how the distributions will be awarded to employees or what the effective date will be but county officials believe it will most likely occur in December.
- Budgeted payroll: The total General Fund budgeted payroll, including ERE's, was \$38,848,850 in FY 2013. In FY 2014, the General Fund budgeted payroll is increasing to \$39,320,575. Total budgeted payroll was \$56,170,772 in FY 2013 and is decreasing to \$55,232,948 in FY 2014.
- Health benefits: The 2.8% increase in last year's health premium costs were absorbed by the County. The impact to the General Fund was \$103,826 and the impact to other funds was \$57,703. The County subsidizes 100% of the employee's premiums and 44.5% of dependents (tiered system). There was no change in health care costs in FY 2014.
- Budgeted FTE's: The General Fund budgeted FTE's are decreasing from 618 in FY 2013 to 614 in FY 2014. Total fund FTE's are dropping from 940 to 908.
- Employee turnover & vacancy rates: In FY 2014, the employee vacancy rate is approximately 11% for all funds. The employee turnover rate is 22.4%.
- **Jail Facilities**:
 - **Juvenile**: The County has one juvenile facility with 20 detention cells that are double-bunked for a total of 40 beds. The average occupancy is estimated at 13. The County does not rent its juvenile beds to other entities.
 - **Adult**: The adult facility is designed to hold 160 beds but actually has 260 beds with double bunking, with an occupancy rate of approximately 77%. The County rents beds annually to the military, Customs, and federal prisoners at a daily rate of \$57.94. Federal prisoner

reimbursements are budgeted at \$9,000 in FY 2014. 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. Medical costs for the jail are budgeted at \$981,120, which includes \$195,498 for mental health.

Capital Projects

In FY 2014, the capital projects budget is increasing from \$22,657,504 to \$29,117,440 and includes the following:

Communications project	\$7,292,000
New cell construction at landfill	\$732,586
Computer backbone	\$200,000
Management system software	\$93,000
Regional evidence storage facility	\$373,000
Airport grants	\$200,000
Joint dispatch	\$150,000
Misc.	\$15,244

The following are paid from General Fund reserves:

Foothills Rd. improvements	\$1,000,000
Gleeson Rd. improvements	\$1,000,000
Moson Rd. – Highway 92 connector	\$1,000,000
Maintenance chip seal program	\$1,000,000
Phase I of jail reconfiguration/remodel	\$6,000,000

Debt

According to the Department of Revenue’s FY 2011-12 Report of Indebtedness, the County held \$4,450,000 in outstanding Certificates of Participation (COP’s). The COP’s funded the construction of the Melody Lane County Complex. The budgeted debt service payment in FY 2014 is \$862,575.

The County also held \$443,167 in lease-purchase debt at the end of FY 2012, which dropped to \$332,375 by the end of FY 2013.

COCONINO COUNTY

FY 2014 Tentative Budget

Overview

- Coconino County's General Fund budget for FY 2014 is \$70,808,913. This is an increase of \$3,650,614 (5.4%) over last year's budget of \$67,158,299.
- The County's beginning fund balance is increasing \$4,578,334 (17.8%) in FY 2014 to \$30,237,664. The fund balance is equivalent to 42.7% of the total General Fund.
- Coconino County's total budget (financial resources) for FY 2014 is \$263,715,576, an increase of \$46,972,424 (22%) above last year's budget of \$216,743,152. According to county officials, \$44.5 million of the increase is due to un-awarded grants for specific road improvement projects through Public Works. Of the total financial resources available, the County is budgeting to spend \$229,565,178.

Property Values

- In FY 2014, Coconino County's primary value fell \$228.7 million (13.1%) to \$1,519,086,333. The secondary net assessed value dropped \$226.5 million (12.9%) to \$1,533,065,282.

Property Tax Revenues

Primary Levy

- The County is proposing to adopt its maximum tax rate of \$0.5466, which is an increase of \$0.0986 over last year and \$0.0211 over the TNT rate of \$0.5255. Therefore, the County was required to hold a TNT hearing.
- The primary tax levy is increasing \$473,101 (6%), from \$7,830,225 to \$8,303,326.

County Library

- The Library District levy is \$3,918,515, a decrease of \$246,482 (5.9%) below last year's levy of \$4,164,997. The rate is increasing from \$0.2367 to \$0.2556.
- The budget is decreasing \$592,489 (13.4%), from \$4,427,083 to \$3,834,594.
- In FY 2013, the beginning fund balance was \$262,304. In FY 2014, the estimated beginning fund balance is \$254,789.

Flood Control

- Coconino County's Flood Control District tax is levied on all properties outside the cities of Flagstaff, Page, and Fredonia. The tax rate in FY 2014 is remaining the same at \$0.4000.
- The levy is dropping \$508,219 (17.1%), from \$2,977,549 to \$2,469,330.
- The Flood Control District budget is down \$3,431,725 (20%), from \$17,168,406 to \$13,736,681 in FY 2014. The County was reimbursed for completed projects under the FEMA's Hazard Mitigation Grant Program (HMGP) for 75% of the expenses from the Schultz Fire and Flood, which amounted to approximately \$1.1 million. Schulz Flood response and mitigation expenditures are budgeted at \$12,710,610 for FY 2014 and the majority of it is funded through NRCS's EWP program.
- The District began FY 2013 with a fund balance of \$3,176,277. In FY 2014, the beginning fund balance is estimated at \$1,858,516 and the fund balance at the end of FY 2014 is projected to be \$668,237.

Public Health Services District (PHSD)

- The County levied a property tax for the first time in FY 2011 for the PHSD. The District was created in 2009 by a unanimous vote of the Board of Supervisors.

- The County has continued to levy the 25-cent maximum tax rate since the district was created. In FY 2014, the levy is decreasing \$566,362 (12.9%), from \$4,399,025 to \$3,832,663.
- Other special revenue budgeted in the PHSD in FY 2014 is increasing \$661,324 (12.9%), from \$5,140,751 to \$5,802,075.
- In FY 2013, the MOE payment for the District was \$3,739,233 and the County transferred an additional \$299,155 from the General Fund to the PHSD to augment the drop in property taxes (will be paid back in the future when the property taxes pick back up). For FY 2014, the MOE is increasing to \$3,851,420 and an additional \$767,694 is being transferred from the General Fund to the PHSD to augment property taxes, as well as an addition \$535,000 for AHCCCS payments.
- The FY 2014 PHSD budget (operating only) is up \$472,785 (4.8%), from \$9,819,680 to \$10,292,465.
- In FY 2013, the District had a beginning fund balance of \$1,092,611. The beginning fund balance in FY 2014 is estimated at \$251,580.

COCONINO COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	0.4480	0.5466	0.0986	0.5255	\$7,830,225	\$8,303,326	\$473,101	6%
Library	0.2367	0.2556	0.0189		\$4,164,997	\$3,918,515	-\$246,482	-6%
Flood*	0.4000	0.4000	0.0000		\$2,977,549	\$2,469,330	-\$508,219	-17%
Public Health	0.2500	0.2500	0.0000		\$4,399,025	\$3,832,663	-\$566,362	-13%
OVERALL RATE	1.3347	1.4522	0.1175		\$19,371,796	\$18,523,834	-\$847,962	-4%

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

Other Revenues

General Fund Revenues

- Auto lieu revenue is increasing \$211,873 (6.7%), from \$3,153,237 to \$3,365,110.
- State shared sales tax is up \$2,072,004 (11.8%), from \$17,604,884 to \$19,676,888.
- The half-cent sales tax is up \$910,779 (7.7%), from \$11,781,000 to \$12,691,779.
- PILT revenue is dropping \$441,240 (29%), from \$1,514,240 to \$1,073,000.
- Non-departmental revenue is decreasing \$8,011 to \$3,334,001. This line-item includes all of the indirect costs charged to county departments.
- The state budget reinstated the county assistance for counties with population less than 90,000 at \$550,000 in FY 2014.

Special Revenues

Jail District

- The County Jail District was initially approved by voters in 1997. In September 2006, the voters approved the County's request to increase the jail sales tax rate from a $\frac{3}{10}$ -cent rate to a $\frac{1}{2}$ -cent, which went into effect on January 1, 2007. In addition, the Jail District sales tax was extended fifteen years, which will now sunset in 2027.
- Total budgeted Jail District revenues for FY 2014 are up \$364,280 (2.6%), from \$13,940,039 to \$14,304,319. Sales tax revenues account for \$12,691,779 of the total.
- The county's MOE payment is increasing from \$2,455,695 to \$2,518,950.
- The operating budget is increasing \$699,594 (5.2%), from \$13,446,208 to \$14,145,802.
- The county's FY 2012 financial report showed an ending fund balance of \$10,899,156.
- **Jail facilities**
 - **Juvenile:** The juvenile facility currently holds 34 beds. The County can potentially rent beds to the Federal Marshalls at \$265/day. However, revenue was not collected or budgeted over the last four years. Last year, the average occupancy of the facility was 19.
 - **Adult detention:** The Flagstaff detention facility holds 596 beds (the County attempts to maintain an average occupancy of approximately 80%) and the Page facility holds 48 beds. The County rents beds to the Bureau of Indian Affairs (\$60/day), the Federal Bureau of Prisons (\$60/day), and

the Yavapai County Sheriff's office (\$60/day). Budgeted revenues in FY 2013 were \$1,850,179 and the revenues in FY 2014 are estimated at \$1,372,179.

- In FY 2014, the estimated medical expenses for the Flagstaff and Page facilities are estimated at \$706,587, same as last year.

Parks and Open Space

- At the 2002 general election, voters approved a $\frac{1}{8}$ -cent capital projects sales tax for the purpose of implementing the Coconino Parks and Open Space Program. The tax will sunset when collections amount to the estimated cost for the program, which is \$33 million (preliminary numbers show that the County has collected \$28,777,903).
- The sales tax is budgeted at \$3,217,556 in FY 2014, up \$228,750 (7.7%) from last year.
- The budget is increasing \$2,833,813 (26%), from \$10,877,660 to \$13,711,473.

Road Fund

- HURF (Public Works) budgeted revenues are dropping \$2,033,987 (15.8%), from \$12,862,842 to \$10,828,855.
- The HURF budget is increasing \$1,041,908 (4.7%), from \$22,387,465 to \$23,429,373.
- FY 2012 financial report showed an ending fund balance of \$20,241,628 in the Public Works/HURF Fund.

Charges to Special Districts

- PHSD - FY 2013, the County charged the District \$1,263,516. In FY 2014, the County is charging the District \$1,358,566.
- Library District - FY 2012, the County transferred \$298,103 from the Library District to the General Fund to backfill state cost shifts. However, the County did not charge the District for indirect costs or to backfill state cost shifts in FY 2013 or FY 2014.
- Jail District - In FY 2013, the County charged the Jail District \$824,879. In FY 2014, the County is charging the District \$867,437.
- Flood Control District – The County is charging the District \$71,630 for indirect costs in FY 2014.
- Road Fund – In FY 2013, the County charged the Road Fund \$785,909 for indirect costs. In FY 2014, the charges are increasing to \$907,145.

Expenditures

- Employee compensation: The County made a one-time 2% payment to approximately 985 employees in February 2012 at a total cost of \$1,158,440 (\$552,089 to the General Fund and \$606,351 to other funds). In July 2012, the County implemented Phase II of the Classification and Compensation Plan, which affected roughly 400 employees at a total cost of \$851,155 (\$441,364 to the General Fund and \$409,791 to other funds). The County also awarded employees with a mid-year raise in FY 2013 at a total cost of \$793,000 (\$422,000 to the General Fund and \$371,000 to other funds). The raises were awarded in two parts, based on years of service and a one-time payment of \$500. In FY 2014, the County is awarding employees with a 1.5% market adjustment, effective July 1, 2013, and a 2.5% merit raise on the anniversary date of each employee (*requested impact to General Fund and other funds*).
- Budgeted payroll: Budgeted payroll, including EREs, in the General Fund is increasing from \$34,482,586 to \$35,824,916. The budgeted payroll in total funds is down from \$71,955,340 to \$71,786,196.
- Health benefits: Health insurance costs increased 4.4% (\$373,000) in FY 2013, which was covered by the Northern Arizona Public Employees Benefit Trust reserves. The County is the primary contributor

to the Trust while employee contributions are minimal. The County has begun phasing in its wellness program, which offers a \$20/month discount to employees who participate in preventive screenings and a healthy lifestyle. In FY 2014, the health insurance budget decreased 3.5% (\$266,000).

- Budgeted FTE's: In FY 2014, the General Fund budgeted FTE's are down from 493 to 486. Total FTE's are down 24, from 1,080 to 1,056.
- Employee vacancy and turnover rates: In FY 2013, the vacancy rate was 8.72% and the turnover rate was 14.26%.

Capital Projects

The FY 2014 budget includes \$2,112,855 in capital projects. Of the total, \$813,138 is designated for repairs and replacement in the Jail District and the remainder is for various other capital improvement projects.

Debt

According to the Department of Revenue's FY 2011-12 Report of Indebtedness, the County does not hold any debt and the outstanding revenue debt held under the Jail District was paid in full at the end of FY 2012.

GILA COUNTY
FY 2014 Tentative Budget

Overview

- Gila County's General Fund budget for FY 2014 is \$49,616,855, a \$3,461,845 (7.5%) increase over last year's budget of \$46,155,010.
- The County's beginning fund balance for this year is \$19,894,938, \$5,651,607 more than last year. The fund balance represents 40% of the General Fund budget.
- The total budget for FY 2014 of \$95,252,025 is a decrease of \$1,216,105 (1.3%) below last year's adopted budget of \$96,468,130.

Property Values

- The primary net assessed value decreased \$51.5 million (10.5%) to \$438,624,843. The secondary net assessed value dropped \$52.3 million (10.6%) to \$440,187,536.

Property Tax Revenues

Primary Levy

- Gila's proposed primary property tax rate remains the same at \$4.1900, which is \$1.9081 less than the maximum allowable tax rate of \$6.0981. In addition, the proposed primary tax rate is \$0.6001 below the TNT rate of \$4.7901; therefore, the County was not required to hold a TNT hearing.
- The primary levy of \$18,378,381 is \$2,157,663 (10.5%) below last year's levy of \$20,536,044.

County Library

- The Library District levy is \$880,589, down \$104,619 (10.6%) from last year. The rate is staying the same at \$0.2000.
- The Library District budget is increasing \$60,263 (3.5%), from \$1,719,295 to \$1,779,558.
- The beginning fund balance for FY 2013 was \$651,020, which increased to \$739,410 in FY 2014.

GILA COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	4.1900	4.1900	0.0000	4.7901	\$20,536,044	\$18,378,381	-\$2,157,663	-11%
Library	0.2000	0.2000	0.0000		\$985,208	\$880,589	-\$104,619	-11%
OVERALL RATE	4.3900	4.3900	0.0000		\$21,521,252	\$19,258,970	-\$2,262,282	-11%

Other General Fund Revenues

- Auto lieu is down \$100,000 (6.3%), from \$1,600,000 to \$1,500,000.
- State shared sales tax is down \$180,000 (3.5%), from \$5,080,000 to \$4,900,000.
- Half-cent sales tax increased \$100,000 (4%), from \$2,500,000 to \$2,600,000.
- PILT revenue is up \$174,191 (5.8%), from \$3,023,345 to \$3,197,536.
- Lottery revenues of \$550,000 were reinstated in the FY 2014 budget.

Jail Facilities

Adult facility

- The adult facility holds a total of 219 beds and the average occupancy in FY 2013 was 143 (the facilities were expanded in FY 2013 to add 40 beds for a woman's dorm). The County currently rents beds to other counties at a rate of \$54.63/day.

Juvenile facility

- The juvenile facility holds a total of 26 beds. Gila County contracts with the US Marshals and, up until recently, BIA (the tribe built their own facility so the County currently receives few if any BIA prisoners) for renting beds at \$131/day. The average occupancy during FY 2013 was three from US Marshals, none from BIA, and five from other agencies, for a total of eight. Total revenues from

renting beds are decreasing from \$220,000 to \$80,000. The juvenile detention budget is decreasing \$59,027 (4.3%), from \$1,371,376 to \$1,312,349.

- In FY 2014, the sheriff's budget is increasing \$143,075 (1.4%), from \$10,565,843 to \$10,708,918.

Special Revenues

Road Budget

- HURF revenues are decreasing \$175,440 (5.4%), from \$3,241,440 to \$3,066,000.
- VLT is dropping \$40,991 (4.8%), from \$850,991 to \$810,000.
- The county transportation sales tax is up \$174,166 (6%), from \$2,915,834 to \$3,090,000. The sales tax is scheduled to sunset December 31, 2014. The County will ask voters in 2014 to extend the tax another 20 years.
- The total budget is down \$3,264,803 (21.7%), from \$15,074,000 to \$11,809,197.

Charges for Services

- Library District - Beginning in FY 2014, the County is charging the District \$94,990 for indirect costs. The County does not charge a per parcel fee for printing and mailing of tax bills like some other counties.
- Road Fund - The County is charging the fund \$798,767 for indirect costs in FY 2014.

Expenditures

- Employee compensation:
 - In FY 2013, the County awarded its employees with a one-time payment at a cost of \$272,102 to the General Fund and \$175,079 to other funds (equal to 1.7% of CPI and all employees received the same amount) for a total cost of \$447,181 in November 2012.
 - The County awarded employees with another one-time payment based on performance at a cost of \$630,824 (entire amount was funded by the General Fund), effective June 2013. Employees received a minimum of 1.5% and maximum of 3.5% of their salary (2.5% on average). According to a county memo dated 6/25/13, the County will offer two opportunities each year for employees to receive financial recognition of a one-time payment in December based on the change in CPI or in June based on the employee's performance appraisal score.
 - Additionally, of the \$500,000 included in the FY 2013 budget for the classification & compensation study, \$90,000 was estimated to be the cost of the study. The study will be finalized in December 2013, at which time the County has committed to implement the study's results. The County anticipates the cost of the raises to be approximately \$2 million but the amount could be higher or lower depending on the outcome of the study. As a result of the Board's commitment to implement the results of the study, county departments have been informed that their budgets will remain unchanged from FY 2014 to FY 2015 and any impact as a result of increases in salaries will need to be absorbed within each county departmental budget.
- Budgeted payroll: In FY 2014, General Fund budgeted payroll, including EREs, is increasing from \$23.7 million to \$23.9 million. Total payroll is decreasing slightly from \$37 million to \$36.8 million.
- Health benefits: There was no change in the county's health insurance premium costs in FY 2013 but costs are increasing by approximately 2% in FY 2014 (\$65,406 to the General Fund and \$24,902 to other funds), which is being entirely absorbed by the County. The County currently pays 93% for employee coverage and 60% for dependents, depending on the level of benefits.
- Budgeted FTE's: In FY 2014, General Fund FTE's are down 5 from 418 to 413 and FTE's in total funds are down 15, from 675 to 660.
- Employee vacancy & turnover rates: In calendar year 2013, the employee turnover rate was over 15%. The County does not currently track the employee vacancy rate.

- **Enterprise Funds:** The budgeted expenditures are increasing from \$2,480,114 in FY 2013 to \$3,405,826 in FY 2014. Of that amount, \$1,705,826 is dedicated for recycling and landfill management and \$1,700,000 for the Russell Gulch expansion. The County is setting aside funds to expand the facility over the next few years, which is estimated to cost approximately \$2.4 million.

Capital Projects

In FY 2014, the capital projects fund budget is decreasing from \$4.6 million to \$3.4 million. The County is budgeting to spend \$520,600 on court security projects, \$590,067 on bond building projects, which includes a remodel of the probation building and Globe courthouse, \$1,459,719 in various capital improvement projects, and multiple other departmental capital outlay projects.

Debt

According to the Department of Revenue's FY 2011-12 Report of Indebtedness, there is \$7,205,000 outstanding in revenue bonds. During FY 2010, the County borrowed \$8 million in revenue bonds over 20 years for the construction of the new Public Works facilities, expansion of its jail facilities, and a new evidence storage facility for the Sheriff's office. The budgeted debt service payment stayed the same for FY 2014 at \$628,150.

GRAHAM COUNTY
FY 2014 Tentative Budget

Overview

- Graham County's General Fund budget for FY 2014 is \$20,935,438, an increase of \$625,780 (3.1%) from \$20,309,658 in FY 2013.
- The County's beginning fund balance is \$1,268,293, down \$211,491 (14.3%) from last year's fund balance of \$1,479,784. The fund balance represents 6.1% of the total General Fund.
- The total budget of \$33,111,593 is an increase of \$1,220,834 (3.8%) over last year's total budget of \$31,890,759.

Property Values

- In FY 2014, the primary net assessed value dropped \$16.7 million (8%) to \$192,240,653. The secondary net assessed value decreased \$17.4 million (8.2%) to \$194,024,943.

Property Tax Revenues

Primary Levy

- The proposed primary tax rate is increasing \$0.2837, from \$2.0874 to \$2.3711, which is the county's TNT rate. In addition, this year's proposed primary rate is \$0.0957 lower than the county's maximum tax rate.
- The county's primary levy is \$4,558,218, which is an increase of \$196,986 (4.5%) over last year's levy of \$4,361,232.

Flood Control District

- The Flood Control District rate is staying the same at \$0.0953.
- The levy for the District is decreasing \$19,430 (9.6%), from \$201,454 to \$182,024.
- The budget is increasing \$48,734 (13.5%), from \$360,225 to \$408,959 (actual expenditures for FY 2013 were \$97,461).
- The beginning fund balance in FY 2013 was \$158,000. In FY 2014, the fund balance in the District is \$226,435.

GRAHAM COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	2.0874	2.3711	0.2837	2.3711	\$4,361,232	\$4,558,218	\$196,986	5%
Flood	0.0953	0.0953	0.0000		\$201,454	\$182,024	-\$19,430	-10%
OVERALL RATE	2.1827	2.4664	0.2837		\$4,562,686	\$4,740,242	\$177,556	4%

Other General Fund Revenues

- PILT is decreasing \$63,127 to \$2,636,873.
- State shared sales tax is staying the same at \$4,000,000.
- The half-cent sales tax is increasing \$50,000, from \$1,950,000 to \$2,000,000.
- Auto lieu remains the same at \$825,000.
- Lottery revenues of \$550,000 were reinstated in the FY 2014 budget.

Jail facilities:

- The juvenile facility holds 48 beds. The County is budgeting \$1,050,000 for renting beds to other jurisdictions. The Bureau of Prisons (BOP) rents five to six beds on average, at a charge of \$230/day (\$500,000 annually). A memorandum of understanding was approved by the US Marshals for renting beds at \$125/day (\$300,000). The County continues to charge Greenlee County \$250,000 for utilizing up to three beds. The budget for regional juvenile detention is increasing from \$1,455,748 to \$1,461,125 in FY 2014.

- The current adult facility holds a maximum of approximately 200 beds. The County previously rented 35 beds on average to BOP, which generated approximately \$500,000 per year, but has since lost the contract with BOP to Texas. The County rents beds to the state at \$38/day and to cities at a rate of \$50/day. Budgeted revenue from renting beds in FY 2014 is \$67,000. The average occupancy is 82%.
- In situations of overcrowding, the County sends its female prisoners to Greenlee County at a cost of \$50/day, which is budgeted at \$30,000 in FY 2014.
- Budgeted medical costs in the jail facilities amount to \$481,757 in FY 2014. The medical care is provided by an in-house nurse (four nurses on rotation).
- The sheriff's budget is increasing \$237,245 (4.1%), from \$5,807,328 to \$6,044,573.

Special Revenues

Road Fund

- HURF revenue is decreasing \$50,000, from \$3,000,000 to \$2,950,000.
- In FY 2013, forest fee revenues are increasing \$34,392 (6.2%), from \$551,176 to \$585,568.
- The budget is increasing \$375,882 (6.4%), from \$5,835,434 to \$6,211,316.

Charges to Special Districts

- Flood Control District - In FY 2013, the County charged the District \$73,474 and \$74,588 in FY 2014.
- Road Fund - In FY 2013, the County charged the Road Fund \$384,683 and \$372,556 in FY 2014.

Expenditures

- Employee compensation: In FY 2014, the County budgeted only for longevity raises at a total cost of \$53,000 (\$38,000 to the General Fund and \$15,000 to other funds). Longevity raises of 4% are awarded to employees at one-year of employment, two years, five years, and every third year beyond that point.
- Budgeted payroll: In FY 2014, the General Fund budgeted payroll, including ERE's, are decreasing from \$11,351,000 to \$11,109,493. Total payroll is decreasing from \$15,532,000 to \$15,159,261.
- Health benefits: The County is part of the six-county insurance pool and charges employees with single coverage of \$100/month and employees with family coverage of \$300/month. The County pays approximately 90% for single coverage and 78% for family coverage. The County has implemented a health risk analysis and encourages employees to fill out the assessment or pay a \$10/pay period penalty for failure to do so.
- Budgeted FTE's: In FY 2014, tentative budgeted FTE's in the General Fund are reported at 189 and total funds at 261.
- Employee vacancy & turnover rates: Currently, the employee vacancy rate is approximately 5% and the turnover rate is 24%, primarily in detention.

Capital Projects/Debt

The County is in the planning stages of building new adult jail facilities since the existing facility is in poor condition. County officials estimate the cost of building new jail facilities will cost between \$30 million and \$40 million. The County currently has no debt.

GREENLEE COUNTY

FY 2014 Tentative Budget

Overview

- Greenlee's tentative General Fund budget for FY 2014 is \$12,585,902, an increase of \$1,071,425 (9.3%) from the FY 2013 budget of \$11,514,477.
- The beginning General Fund balance is \$3,802,990, an increase of \$206,985 (5.8%) from last year's balance of \$3,596,005. The fund balance represents 30% of the total General Fund.
- The total budget (financial resources) for FY 2014 is \$23,588,984, an increase of \$2,298,382 (10.8%) over the FY 2013 total budget of \$21,290,602. The FY 2014 budgeted expenditures are \$20,190,941.

Property Values

- The primary net assessed value decreased \$43 million (11.2%) to \$335,715,128. The secondary net assessed value dropped \$42 million (11.1%) to \$336,148,250.

Property Tax Revenues

Primary Levy

- The County is proposing to increase its primary tax rate \$0.1219, from \$0.6213 to \$0.7432, which is the County's maximum tax rate (*this was the proposed tax rate in the tentative budget; however, the County adopted a lower rate of \$0.7350 in the final budget*). This year's proposed rate exceeds the county's TNT rate of \$0.7144; therefore, the County was required to hold a TNT hearing.
- The county's proposed primary property tax levy is \$2,495,035, \$145,812 (6.2%) more than last year's levy.

Public Health Services District (PHSD)

- In June 2006, the County Board of Supervisors created the PHSD by unanimous vote of the Board. The tax rate is increasing this year from \$0.1850 to \$0.2081 to offset the drop in secondary values. As a result, the levy will remain the same at \$699,728.
- The County uses the PHSD fund to pay for health department services, animal control, inmate medical expenses, and ambulance services. The expenses for inmate medical expenses include nurses' salaries.
- The PHSD budget increased \$71,873 (4%), from \$1,797,323 to \$1,869,196.
- The MOE payment for the PHSD is \$356,000.

Flood Control District

- The district tax rate is increasing from \$0.1426 to \$0.1647. The levy will remain the same this year at \$87,672.
- The Flood Control District budget is down \$116,463 (40%), from \$290,463 to \$174,000.

GREENLEE COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	0.6213	0.7432	0.1219	0.7144	\$2,349,223	\$2,495,035	\$145,812	6%
Public Health Services	0.1850	0.2081	0.0231		\$699,728	\$699,728	\$0	0%
Flood	0.1426	0.1647	0.0221		\$87,672	\$87,672	\$0	0%
OVERALL RATE	0.9489	1.1160	0.1671		\$3,136,623	\$3,282,435	\$145,812	5%

Other General Fund Revenues

- Auto lieu is up \$25,000 to \$325,000.
- The half-cent sales tax is increasing \$200,000 (20%), from \$1,000,000 to \$1,200,000.
- State shared sales tax is up \$300,000 (7.1%), from \$4,200,000 to \$4,500,000.
- PILT is down \$107,824 (12%), from \$891,000 to \$783,176.

- The County budgeted to receive \$382,800 from the state for out-of-county tuition, which is the same as last year.
- Lottery funds of \$550,000 were reinstated in the county budget for FY 2014.

Special Revenue Funds

- Road fund revenue is up \$80,000 (10%) to \$880,000. The budget increased \$230,000 (13.1%), from \$1,750,000 to \$1,980,000.
- National forest fees are staying the same at \$600,000. The County distributes \$300,000 to both the schools and the road fund.

Charges to Special Districts

- PHSD-Information requested
- Flood Control District - Information requested

Expenditures

- Employee compensation: In FY 2013, the County awarded employees with a 3% COLA, which had a total impact of \$255,196 (\$164,485 to the General Fund and \$90,711 to other funds). In FY 2014, the County is providing all employees with a 3.5% increase (increased pay scale by 1%, plus shifted all employees one grade), effective September 1. In addition, deputy sheriffs will be receiving an additional 1.5% increase, effective July 1 (*impact to General Fund and other funds requested*).
- Budgeted payroll: In FY 2014, General Fund budgeted payroll, including EREs, is increasing from \$5,772,347 to \$6,106,476. Total payroll is increasing from \$8,863,964 to \$9,380,466.
- Health benefits: Health premium costs did not increase in FY 2013; however, costs are going up 3% in FY 2014 and the County is planning to share that cost with employees. During FY 2013, the County charged employees \$28/month for single coverage and \$196/month for family coverage. The County currently covers 94% for employee coverage and 82% for dependents (*impact to General Fund and other funds requested*).
- Budgeted FTE's: In FY 2014, the budgeted FTE's in the General Fund are dropping from 101 to 92 and total FTE's are down from 165 to 160.
- Employee vacancy & turnover rates: In FY 2013, the employee vacancy rate was less than 1% and the countywide turnover rate was 12%.
- Jail facilities: The County uses Gila Health Resources to control its inmate costs, which amounted to \$87,410 in FY 2013. Also to control costs, the County has an ambulance service that it uses to avoid using a helicopter for emergencies. There are 55 beds in the adult facility and the facility is nearly at full capacity. The County does not have a facility to hold its juvenile inmates and instead transfers its juveniles to Graham County at an annual cost of approximately \$250,000 by renting up to three beds.
- The sheriff's budgeted expenditures are increasing \$168,113 (5.8%), from \$2,888,553 to \$3,056,666.

Capital Projects

- Replacement of Duncan Annex - Total cost of the project is \$1,500,000 and \$750,000 was included in the FY 2013 budget. The cost will be paid from county reserves.
- Guthrie Peak tower (for county emergency services) - County is partnering with Canyon State Wireless to provide a new communications tower. Total cost of the project is \$350,000 and \$204,000 was included in last year's budget.
- Airport improvements of drainage, apron, and taxiway – Total project cost of \$1,400,000. The FY 2014 expenditures are budgeted at \$600,000. Greenlee County will directly fund \$30,000 and the remaining allocations will be produced from state & federal grants.

- Public Works Shop – Total project cost is \$250,000 for the construction of a metal building in the Public Works area at the Airport. Funding will be provided from a variety of sources including the General Fund, national forest fees, and PILT.
 - Clifton Courthouse & Annex (\$87,000)
 - Loma Linda Ball Park (\$26,000)
 - Duncan Park/Ball Fields (\$14,000)
 - Ward Canyon Ball Fields (\$10,000)
 - Fairgrounds (\$140,000)
 - Sheriff’s Office (\$174,000)
 - Landfill (\$33,000)
 - Public Works facilities (\$5,000)

Debt

The Department of Revenue’s FY 2012 Report of Indebtedness reports that the County does not hold any bonds; however, the debt service budget for lease-purchase debt in FY 2014 at \$700,000. The lease-purchase debt is for various road department vehicles and equipment.

LA PAZ COUNTY
FY 2014 Tentative Budget

Overview

- La Paz’s General Fund budget for FY 2014 is \$15,553,280, an increase of \$1,542,914 (11%) from FY 2013’s General Fund budget of \$14,010,366.
- The County is not showing a fund balance in its General Fund for the first time in FY 2014. County officials claim that they are running a structural deficit of approximately \$9 million in its special revenue funds due to the lack of fiscal accountability of the previous administration over the last decade (*for more information, see discussion under the “financial audit findings” section*). However, over the last year, county officials say they have worked diligently to correct most of the inefficiencies in their accounting system and believe that they are currently “operationally” balanced.
- FY 2014’s total financial resources are \$30,723,347, an increase of \$3,758,097 (13.9%) from last year’s total budget of \$26,965,250. Total budgeted expenditures are \$28,713,530.

Property Values

- The primary net assessed value decreased \$11.1 million (4.9%) to \$216,835,366. The secondary net assessed value dropped \$10.5 million (4.5%) to \$224,552,041.

Property Tax Revenues

Primary Levy

- La Paz County’s proposed primary tax rate increased \$0.0962, from \$1.8646 to \$1.9608, which is the county’s TNT rate; therefore, the County was not required to hold a TNT hearing. The county’s maximum tax rate is \$2.0785.
- La Paz County’s primary property tax levy is \$4,251,708, which is a slight increase over last year’s levy of \$4,250,509 (*the FY 2013 primary levy was incorrectly reported as \$4,205,509 in the FY 2014 budget; therefore, last year’s levy was derived from the officially adopted county rate and levy sheets for comparison purposes*).

LA PAZ COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	1.8646	1.9608	0.0962	1.9608	\$4,250,509	\$4,251,708	\$1,199	0%

Other General Fund Revenues

- Auto lieu is up \$5,766 to \$575,766.
- State shared sales tax is up \$185,000 (8.4%), from \$2,215,000 to \$2,400,000.
- Half-cent sales tax revenues are increasing \$128,689 (12.6%), from \$1,025,000 to \$1,153,689.
- PILT is down \$42,363 (2.3%) to \$1,800,000.
- Lottery funds were reinstated this year at \$550,000.
- Sanitation charges are increasing \$500,000 (167%), from \$300,000 to \$800,000.
- Indirect cost revenues are budgeted at \$500,000 in FY 2014.
- Other miscellaneous revenues are increasing from \$10,000 to \$100,000.

Special Revenues

Road Fund

- HURF revenue is decreasing \$404,232 (10.4%), from \$3,884,864 to \$3,480,632.
- Intergovernmental revenues are decreasing \$44,141 (9.3%), from \$475,000 to \$430,859.
- The Public Works budget is down \$990,555 (20%), from \$4,876,305 to \$3,885,750.

Enterprise Fund

- The revenues from the La Paz County Golf Course are decreasing \$141,421 (8.2%), from \$1,724,604 to \$1,583,183.
- The Golf Course budget is increasing \$103,408 (7%), from \$1,479,775 to \$1,583,183.

Jail District

- Total revenues budgeted in the Jail District are down \$385,509 (11.8%), from \$3,255,509 to \$2,870,000. The Jail District includes \$1,150,000 in intergovernmental revenues from the housing of federal and Coconino County inmates. The County rents beds to the US Marshals at a rate of \$42/day (the County is currently in the process of renegotiating their contract with the US Marshals) and to the Colorado River Indian Tribes and private entities at \$65/day. The Jail District ½-cent excise tax is estimated at \$1,000,000 in FY 2014, \$30,000 less than last year.
- The Jail District operations budget is decreasing \$175,916 (5.2%), from \$3,354,600 to \$3,178,684. The personnel costs in the jail district, including ERE's, are budgeted at \$2,092,525 in FY 2014.
- The MOE payment is \$720,000 in FY 2014.
- The adult facility holds 266 beds, and during FY 2012, the average daily bed occupancy was 135.
- The County does not currently have a juvenile facility, and instead, transfers its juveniles to Yuma County. Yuma County charges La Paz \$80/day, which is budgeted at \$50,000 in FY 2014.
- The Jail District budget includes a lease purchase payment of \$41,528.

Expenditures

- **Employee compensation:** The County did not budget for any pay raises in FY 2013. However, the County awarded a 3% COLA in April 2012 but county officials have not determined the cost. The County is not awarding pay raises in FY 2014, however, the Board may decide to award employees with a one-time check at some point.
- **Budgeted payroll:** The General Fund budgeted payroll in FY 2014 is \$8,468,211. Total budgeted payroll in 2014 is \$14,291,686. (*FY 2013 General Fund and total funds budgeted payroll is unknown by county officials.*)
- **Health benefits:** The County covers 100% of health benefit costs for employees and 50% for dependents. The County experienced a negligible increase in health insurance premiums in FY 2013. The County is absorbing the 1% increase in health benefit costs in FY 2014.
- **Budgeted FTE's:** General Fund budgeted FTE's are increasing from 122 to 131 and total fund FTE's are decreasing from 246 to 240.
- **Employee vacancy & turnover rates:** The most recent data supplied by the County showed that the employee vacancy rate was 3.48% and the employee turnover rate was 13.2%.

Yakima Judgment/Bonds

With the passage of SB1178 in the 2011 legislative session, the County was authorized to issue TPT-funded bonds to pay its \$14 million judgment to Yakima. The amount budgeted, not to exceed \$19 million, includes the judgment, 2% underwriting fees, bond counsel fees, and charges for the bond issuance. The half-cent sales tax took effect on December 1, 2011. The tax is estimated to be in effect for twenty years, although the County anticipates it will be less at around sixteen years. In FY 2014, the revenue generated from the ½-cent sales tax for the judgment is estimated at \$2,208,257. Actual revenues during FY 2013 amounted to approximately \$1.2 million. FY 2014 is the first year the County is budgeting for the debt service payment for the bonds, which is \$1,179,919.

Financial Audit Findings

According to the single audit published for the end of FY 2010, the County was found to have a “material weakness” as a result of not submitting their financial statements within the time frame as required by law necessary to satisfy the audit requirements imposed by state laws, regulations, grants, and contracts. In addition, the County was found to have a “significant deficiency” regarding the preparation of accurate and timely financial statements resulting in noncompliance with OMB Circular A-133 for Federal awards.

The following *deficit* fund balances were derived from the Basic Financial Statements for the year ended June 30, 2011:

- Jail District Fund = \$437,118 *deficit*. Other *deficit* fund balances exceeding \$50,000 included:
 - Emergency Services = \$150,188
 - La Paz Extension Fund = \$93,192
 - Health Department = \$434,089
 - Education & Employment Fund LPCC = \$152,505
 - ACJC Drug Enforcement = \$325,152
 - Adult State Aid Enhancement = \$92,901
 - Task Force Prosecutor = \$270,709
 - Community Development = \$337,440
 - Child Support Program = \$224,233
 - Jail Commissary = \$74,308
 - Highway Safety Grant = \$74,477
 - Cops in School = \$276,531
 - Bio Terrorism = \$89,511
 - Racketeer Influenced and Corrupt Org Act = \$112,195
 - Anti-Meth Initiative = \$55,096
 - Statewide Fiscal Stabilization = \$58,098

Debt

According to the Department of Revenues FY 2012 Report of Indebtedness, the County holds \$18,115,000 in revenue bonds for the Yakima judgment. In addition, the County issued \$2.022 million in COP's in 2007, financed over ten years, for the jail expansion. This debt was recently refinanced and the current outstanding debt is \$1,556,883. The County also has \$1,556,883 in outstanding debt for the new water/community center in Salome.

MARICOPA COUNTY

FY 2014 Tentative Budget

Overview

- The General Fund budget decreased \$86,343,703 (8.3%), from \$1,035,674,136 to \$949,330,433.
- The General Fund balance is decreasing from \$247,432,960 to \$230,066,825, a reduction of \$17,366,135 (7%) below last year. The fund balance represents 24.4% of the General Fund budget.
- Although the County reports its total financial resources available at \$3,065,574,042, which is down \$46,507,554 (1.5%) from last year, the County is only budgeting to spend a total of \$2,312,604,386 (75% of total budgeted financial resources).

Property Values

- The primary net assessed value fell \$2.3 billion (6.6%) to \$31,996,204,979. The secondary net assessed value dropped \$2.2 billion (6.3%) to \$32,229,006,810.

Property Tax Revenues

Primary Levy

- The proposed primary tax rate for Maricopa County is increasing \$0.0400, from \$1.2407 to \$1.2807. The proposed primary tax rate is \$0.0759 below the TNT rate of \$1.3566 and \$0.5362 below the maximum tax rate of \$1.8169.
- The primary levy is decreasing from \$425,111,491 to \$409,775,397, which is \$15,336,094 (3.6%) less than last year. This year's proposed levy is \$171,563,651 (30%) below the county's constitutional levy limit.

Library District

- The Library District's levy for FY 2014 is down \$2,808,719 (16.6%), from \$16,925,024 to \$14,116,305. The secondary tax rate is down slightly from \$0.0492 to \$0.0438.
- The Library District budget remains fairly stable at \$25,525,017.
- In FY 2013, the beginning fund balance in the Library District was \$16,375,347. In FY 2014, the District beginning fund balance is \$15,224,924, which is expected to decrease to \$9,124,406 by the end of the fiscal year.

Flood Control District

- The FY 2014 Flood Control District levy is \$39,842,985, a \$14,741,593 (27%) decrease below last year's levy. The tax rate decreased from \$0.1780 to \$0.1392.
- The beginning fund balance in FY 2013 was \$59,663,665. In the FY 2014 budget, the District shows a beginning fund balance of \$52,843,453 and an estimated ending fund balance of \$29,028,938.
- The Flood Control District budget is decreasing \$12,114,960 (14.4%), from \$84,124,369 to \$72,009,409. The FY 2014 District budget includes \$40 million in capital projects, \$10 million less than last year.

Stadium District

- Sales tax revenues increased slightly from \$4,752,087 to \$4,997,042. License & permit revenues are increasing from \$3,234,031 to \$3,384,928. Other charges are dropping from \$1,164,993 to \$1,144,722.
- The FY 2014 Stadium District budget is \$7,831,698, down \$2,453,637 (23.8%) from last year's budget of \$10,285,335.
- The FY 2013 beginning fund balance was \$30,420,533. In FY 2014, the District is beginning the year with \$27,316,604, which is expected to increase to \$29,819,774 by the end of the fiscal year.

MARICOPA COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	1.2407	1.2807	0.0400	1.3566	\$425,111,491	\$409,775,397	-\$15,336,094	-4%
Library	0.0492	0.0438	-0.0054		\$16,925,024	\$14,116,305	-\$2,808,719	-17%
Flood	0.1780	0.1392	-0.0388		\$54,584,578	\$39,842,985	-\$14,741,593	-27%
OVERALL RATE	1.4679	1.4637	-0.0042		\$496,621,093	\$463,734,687	-\$32,886,406	-7%

Other General Fund Revenues

- State shared sales taxes are increasing \$33,324,609 (8.2%), from \$404,078,237 to \$437,402,846.
- State shared vehicle license tax is increasing \$10,554,701 (9.7%), from \$109,193,522 to \$119,748,223.
- PILT is up \$257,564 (2.2%), from \$11,714,503 to \$11,972,067.

Special Revenues

Jail Sales Tax

- The jail sales tax revenues are expected to increase \$9,654,126 (7.9%), from \$121,452,195 in FY 2013 to \$131,106,321 in FY 2014. The MOE payment in FY 2014 is \$173,940,798.
- The County charges cities & towns a booking fee of \$251.53 and per diem of \$78.94 for housing inmates in the county jail facilities. In FY 2013, these fees generated approximately \$28 million. The FY 2014 booking and per diem revenues are budgeted at \$27,987,280.
- In FY 2014, the total budget for the sheriff's office is \$295,714,669, of which \$185,832,262 (62.8%) is funded by the Detention Fund. In FY 2013, the total sheriff's office budget was \$280,009,387, of which \$178,861,275 (63.9%) was funded by the Detention Fund.

Jail facilities

- **Adult facilities:** The adult facilities hold up to 11,509 beds (includes triple-bunking, portable beds, and beds in "tent city"). Average occupancy is approximately 8,300 inmates. Maricopa County does not rent beds to other jurisdictions.
- **Juvenile facilities:** The juvenile facilities hold up to 406 beds. The most recently calculated average daily population is 210.
- In FY 2013, correctional health services were budgeted at \$56,977,327. In FY 2014, the budget for correctional health services is increasing slightly to \$57,885,953.

Highway & Transportation Revenue

- Revenue in the road fund in FY 2014 is budgeted at \$94,767,838, which includes \$84,652,860 in HURF and \$8,412,636 in VLT.
- In FY 2014, the transportation budget is dropping from \$163,821,817 to \$140,826,122. Included in this year's budget is \$58,100,989 for operations and \$82,089,011 for capital projects and \$636,122 for grant programs.

Charges to Special Districts

The County charges the following amounts for the reimbursement of indirect costs, which in turn is paid to the General Fund:

- **Library District** - In FY 2013, the County transferred \$952,741 from the Library District to the General Fund and is charging the District \$1,085,301 in FY 2014.
- **Flood Control District** - In FY 2013, the County charged the District \$1,524,626, which is increasing to \$1,592,089 in FY 2014.
- **Stadium District** - The County charged the Stadium District \$36,762 in FY 2013 and \$49,326 in FY 2014.
- **Transportation Fund** - Charges to the Transportation Fund in FY 2013 amounted to \$2,227,936, which is increasing to 2,395,364 in FY 2014.

Expenditures

- **Employee compensation:**
 - In FY 2013, the County budgeted \$750,000 for their Peak Performers Program in which the County planned to distribute awards, typically \$25, to qualified employees. The County continued to fund tuition reimbursement (Education Assistance Program) at \$2,000,000. The \$185,475 in costs associated with the Rewarding Ideas Program and the Attorney Loan Repayment Program were absorbed by the departmental budgets. In the Rewarding Ideas Program, an employee may receive up to \$2,500 for ideas demonstrated to save costs to the County. In FY 2014, the County did not budget for the Peak Performers Program.
 - In FY 2014, the County budgeted for an employee PFP compensation plan, which was funded at approximately 5% on average (effective 7/8/13). The County is also reviewing various positions for market equity and will adjust salaries accordingly (areas that have a lot of overtime, such as the attorney's office, IT, healthcare providers, etc.). The total impact of this year's county compensation plan is estimated at \$67 million, with an impact of \$40 million to the General Fund, \$19 million to the Detention Fund, and \$7.7 million to other special revenue funds and the countywide special taxing districts.
- **Budgeted payroll:** In FY 2014, General Fund budgeted payroll, including EREs, are decreasing from \$446,941,184 to \$445,238,344. Total payroll is increasing from \$929,093,401 to \$945,317,694.
- **Health benefits:** In FY 2013, the County made a change in its benefit structure from six plans down to three. Changes in premiums will depend on the employee's former plan and the new plan selected. Overall, the County budgeted for no net change in the employer premium costs in FY 2014. Maricopa County is self-insured for health benefits and charges each department a composite rate for each employee (\$8,904/year).
- **Budgeted FTE's:** In FY 2014, budgeted FTE's in the General Fund are decreasing from 7,470 to 7,351. Total budgeted FTE's are increasing from 14,350 to 14,455.
- **Employee vacancy & turnover rates:** The budgeted employee vacancy rate is approximately 5% in FY 2014. The voluntary turnover rate is 9%.

Capital Projects

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

In the FY 2014 budget, the County is planning to spend \$375 million on the following capital projects:

General Fund capital projects:

- \$51,102,197 for county improvements includes the following: Clerk of Superior Court remodel (\$915,002); Court Tower (\$3,411,526); East Court improvements (\$9,255,447); Maricopa Regional Trail System (\$671,440); Security building (\$4,135,324); Sheriff HQ project (\$25,665,021); Southwest Justice Courts (\$3,102,086); SWAT covered parking (\$3,884,060); and Vulture Mountain (\$62,291).
- \$162,185,773 for various technology improvements, which includes \$46,177,512 for Public Safety Radio System, \$30,003,003 for infrastructure refresh, \$14,953,400 for Enterprise Data Center, \$10,276,315 for Sheriff HQ project IT infrastructure, and \$50,379,900 budgeted in reserves.

Special revenue fund capital projects:

- \$127,500 is budgeted for the Vulture Mountain Study.
- \$82,089,011 in transportation capital projects.
- \$20,775,000 in Detention Fund capital projects: Fourth Avenue Jail projects (\$2,410,000); Lower Buckeye Jail projects (\$3,365,000); and Sheriff HQ project (\$15,000,000).
- \$59,061,564 in detention technology capital improvements, which includes \$25,000,000 for jail security system upgrade and \$26,847,296 for reserves.

Debt

In FY 2012, the County held \$120.4 million in revenue bonds, according to the Arizona Department of Revenue's Report of Indebtedness. The FY 2014 tentative budget shows a debt service payment of \$16.7 million.

The Stadium District has a total outstanding debt amount of \$24.9 million in revenue bonds. The FY 2014 tentative budget reflects a debt service of \$4.9 million. On August 1, 2012, the Maricopa County Stadium District issued revenue refunding bonds in the amount of \$25,140,000, in which the net proceeds, along with \$6,277,014 of Stadium District funds, were used to advance the revenue refunding bonds series 2002, which mature on June 1, 2019.

MOHAVE COUNTY
FY 2014 Tentative Budget

Overview

- Mohave County's General Fund budget is increasing \$1,833,564 (2.5%), from \$73,297,582 to \$75,131,146.
- The County shows that the General Fund balance is decreasing \$9,919,767 (83.8%), from \$11,830,484 to \$1,910,717. According to county officials, \$10 million was transferred to a debt service account during FY 2013. However, at the public hearing to adopt the budget, county officials stated that there is actually up to \$14 million in the General Fund balance and incorrectly claim that they are not required to report cash that they are not budgeting to spend.
- The total budget for Mohave County is \$253,081,098, which is a decrease of \$1,999,805 (0.8%) below last year's total budget of \$255,080,903.

Property Values

- The primary net assessed value decreased \$20.4 million (1.1%) to \$1,771,371,872. The secondary net assessed value dropped \$21.9 million (1.2%) to \$1,809,668,423.

Property Tax Revenues

Primary Levy

- The County is proposing to maintain the primary tax rate of \$1.8196. By keeping the tax rate the same, the county's primary levy is dropping \$371,076 (1.1%), from \$32,602,959 to \$32,231,883.

Flood Control

- The County continues to levy a tax rate in the Flood Control District of \$0.5000, the same rate that the County has levied since 1998, which is also the maximum rate allowable by statute.
- In FY 2014, the District levy is decreasing \$112,631 (1.3%) to \$8,757,411.
- The Flood Control District budget is decreasing \$2,592,974 (10%), from \$25,949,640 to \$23,356,666. The fund balance at the beginning of FY 2014 in the District is approximately \$9.3 million.

Library District

- The Library District tax rate is staying the same at \$0.3236, which will generate \$70,916 (1.2%) less in revenue this year, from \$5,927,003 to \$5,856,087.
- The Library District budget is decreasing \$244,433 (2.1%), from \$11,568,888 to \$11,324,455. Actual expenditures in FY 2013 were reported at \$5,523,017, which represents only 48% of the district's budgeted expenditures.
- The Library District's fund balance is approximately \$8.8 million.

Television District

- Mohave County's TV District exists to provide and maintain communication equipment resources for residents. The tax rate levied for the TV District is remaining the same at \$0.0867 (same rate that has been levied since 1998). The levy will generate \$19,000 less than last year, from \$1,587,983 to \$1,568,983.
- The District's budget is increasing \$752,116 (26%), from \$2,887,334 to \$3,639,450, although the actual expenditures in FY 2013 were only \$653,263 (22.6% of the district's budgeted expenditures). In fact, the amount levied in property taxes last year was nearly 2.5 times more than the actual amount needed to fund the District.

- In FY 2012, the District held nearly \$8 million in its contingency. In FY 2013, the County transferred \$6.1 million out of the District to the General Fund, leaving just under \$2 million in the District's contingency. In FY 2014, the contingency is increasing to \$2.9 million.

MOHAVE COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	1.8196	1.8196	0.0000	1.8773	\$32,602,959	\$32,231,883	-\$371,076	-1%
Flood	0.5000	0.5000	0.0000		\$8,870,042	\$8,757,411	-\$112,631	-1%
Library	0.3236	0.3236	0.0000		\$5,927,003	\$5,856,087	-\$70,916	-1%
T.V.	0.0867	0.0867	0.0000		\$1,587,983	\$1,568,983	-\$19,000	-1%
OVERALL RATE	2.7299	2.7299	0.0000		\$48,987,987	\$48,414,364	-\$573,623	-1%

Other General Fund Revenues

- State shared sales tax is up \$2,190,000 (12.1%), from \$18,110,000 to \$20,300,000.
- Auto lieu is decreasing \$145,205 (2.3%), from \$6,200,000 to \$6,054,795.
- PILT is down \$1,103,326 (26%) to 3,145,032 in FY 2014.
- The County levies a ¼ -cent sales tax that is used to fund capital projects. In FY 2014, the revenues are increasing slightly to \$5,819,100.
- Lottery revenues of \$550,000 were reinstated in the county budget in FY 2014.

Special Revenues

Road Fund

- Revenues in the road fund are increasing from \$12,518,849 to \$12,650,537.
- The HURF budget is increasing \$184,789 to \$18,699,893. Actual expenditures in FY 2013 were reported at \$13,342,387, 72% of the budget.
- The fund balance in the road fund at the end of FY 2012 was \$13.2 million.

Charges to Special Districts

- The County is transferring \$1,177,878 from the special taxing districts to the General Fund for indirect costs in FY 2014 as follows:
 - Flood Control District - \$392,626
 - Library District - \$392,626
 - TV District - \$392,626

Expenditures

- Employee compensation: The County is awarding all employees with a 2.5% COLA. The total estimated cost of the COLA is \$1.7 million (\$1 million to the General Fund). In addition, certain positions in the County are being reclassified (reclassified positions will not be receiving the 2.5% COLA). Employee pay raises are effective retroactively to July 1, 2013.
- Budgeted payroll: The FY 2014 budgeted payroll, including ERE's, in the General Fund is \$46,172,796. The budgeted payroll for total funds amounts to \$80,087,945.
- Budgeted FTE's: In FY 2014, the County is budgeting 712 FTE's in the General Fund and 1,275 in total funds.
- Jail facilities: The existing jail facility was designed to hold 240 beds but housed an average of 350 to 400. The County built a new jail which opened in December 2010. The total cost of the project was \$72 million, with the majority financed through a 15-year lease-purchase agreement (\$25.5 million was dedicated from the county's ¼-cent sales tax). The facility has 242,000 square feet and holds 688 beds, with the ability to expand up to 850 beds upon the completion of an unfinished pod, with maximum future expansion up to 1,400 beds. Staffing levels for the existing jail included 38 detention officers, 11 officer assistants, and 1 detention supervisor. The new jail will staff 68.5 detention officers, 15 officer's assistants, and 1 detention officer. While the old jail was located directly across

the street from Superior Court, the new jail is one mile from the courthouse; therefore, the County is now required to bus the prisoners for court appearances. The County charges cities a fee of \$98 per inmate days.

- Several General Fund budgets are receiving significant increases in FY 2014, including Superior Court-mandated services (42%), Medical Examiner (30%), General Administration (20%), and the Sheriff's office for jail operations (11.5%).
- The landfill budget is increasing \$7,597,785 (240%), from \$3,185,370 to \$10,783,155.
- The budget for vehicle replacement is increasing \$1,627,391 (26%), from \$6,297,658 to \$7,925,049.

Capital Projects

The total budget for capital projects in FY 2014 is \$5,174,593, down \$6,317,718 from last year's budget. The County completed its construction last year of the County Public Works administration building.

Debt

In FY 2012, the certificates of participation (COP's) reported in the Arizona Department of Revenue debt report for Mohave County was \$10,665,000.

In addition, Mohave County has \$32,680,000 outstanding in revenue bonds for construction of its jail facilities.

The total debt service budget for FY 2014 is down from \$23,096,271 to \$18,303,353. The debt service payment for the jail is decreasing from \$15,818,156 to \$8,398,728. The debt service payments for the 2004 COP's is increasing from \$7,278,115 to \$9,904,625.

NAVAJO COUNTY
FY 2014 Tentative Budget

Overview

- Navajo County's General Fund budget in FY 2014 is increasing \$659,505 (1.7%), from \$39,325,245 to \$39,984,750.
- The General Fund beginning balance in FY 2014 is remaining the same at \$4 million. The fund balance represents 10% of the total General Fund.
- The County's total budget is up \$5,166,528 (4.6%), from \$113,367,385 to \$118,533,913.

Property Values

- The primary net assessed value in Navajo County dropped \$70.9 million (7.3%) to \$903,351,854. The secondary net assessed value decreased \$73.5 million (7.5%) to \$904,776,433.

Property Tax Revenues

Primary Levy

- The proposed primary tax rate is increasing \$0.0594, from \$0.6401 to \$0.6995, which is the county's TNT rate.
- Navajo County is planning to levy \$6,318,553 in primary property taxes in FY 2014, which is \$82,107 (1.3%) more than last year's levy of \$6,236,446 (*the primary levy listed for FY 2013 was reported incorrectly in the FY 2014 budget; therefore, last year's levy was derived from the county's officially adopted rate and levy sheets for comparison purposes*).

Flood Control District

- The County Flood Control District tax rate remains the same at \$0.3000 in FY 2014, which will generate a levy of \$1,915,695, \$216,845 (10%) less than last year's levy of \$2,132,540.
- The District budget is decreasing \$1,005,476 (11.2%), from \$8,981,124 to \$7,975,948.
- In FY 2014, the District's fund balance is approximately \$7 million. The County is building up the fund balance for the repair of the Winslow levee, which was in the study phase last fiscal year. The County anticipates the cost to repair is approximately \$25 to \$30 million. County officials do not expect construction to commence for another five to seven years.

Library District

- The Library District levy is \$636,455, which is up \$147,323 (30%) over last year's levy of \$489,132. The Library District tax rate is increasing from \$0.0500 to \$0.0704.
- The budget is decreasing \$66,044 (9.9%), from \$664,688 to \$598,644 (includes \$48,535 in state grants and \$60,000 from First Things First early childhood literacy).
- The District currently has a zero fund balance and actually operated at a deficit in FY 2013.

Public Health Services District (PHSD)

- The Board of Supervisors established the PHSD by unanimous vote of the Board in 2002. In FY 2014, the tax rate is increasing from \$0.1963 to \$0.2151. The levy is increasing \$25,302 (1.3%), from \$1,920,332 to \$1,945,634. The MOE payment is \$211,175.
- The PHSD budget (operations only) is decreasing \$347,785 (18.2%), from \$1,914,393 to \$1,566,608. The District pays for a variety of services, ranging from animal control services to detention nurses' salaries.
- The District began FY 2014 with a \$600,000 fund balance.

NAVAJO COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	0.6401	0.6995	0.0594	0.6995	\$6,236,446	\$6,318,553	\$82,107	1%
Flood	0.3000	0.3000	0.0000		\$2,132,540	\$1,915,695	-\$216,845	-10%
Library	0.0500	0.0704	0.0204		\$489,132	\$636,455	\$147,323	30%
Public Health Svcs.	0.1963	0.2151	0.0188		\$1,920,332	\$1,945,634	\$25,302	1%
OVERALL RATE	1.1864	1.2850	0.0986		\$10,778,450	\$10,816,337	\$37,887	0%

Other General Fund Revenues

- Auto lieu is increasing \$11,118, from \$1,946,882 to \$1,958,000.
- State shared sales tax is up \$468,950 (4.8%), from \$9,848,050 to \$10,317,000.
- Half-cent sales tax is decreasing \$178,751 (2.8%), from \$6,386,751 to \$6,208,000.
- PILT is down \$103,000 (9.8%), from \$1,053,000 to \$950,000.
- The lottery funds of \$550,000 were reinstated for FY 2014 (included in the “other intergovernmental revenue” line item).

Special Revenues

Road Fund

- HURF revenue is increasing \$507,564 (8.1%), from \$6,275,000 to \$6,782,564.
- Auto lieu is increasing \$218,858 (11.4%), from \$1,921,549 to \$2,140,407.
- The public works/HURF budget is decreasing \$704,115 (4%), from \$17,464,290 to \$16,760,175.

Charges to Special Districts

- Flood Control District - In FY 2014, the County is transferring \$214,528 from the Flood Control District to the county General Fund for reimbursement of indirect services.
- Library District - FY 2014, the County is charging the district \$245,564, the same as last year.
- PHSD - The County is transferring \$1,041,767 from the PHSD to the General Fund, of which \$461,467 is for reimbursement of indirect services and \$580,300 is to offset state cost shifts (AHCCCS).
- HURF - The County is transferring \$726,763 from HURF to the county General Fund for reimbursement of indirect services.

Expenditures

- Employee compensation: The 2% across-the-board raise that was originally planned in the FY 2013 budget was replaced with a onetime salary adjustment of \$500 to all permanent, full-time employees, which was awarded in January 2013. The total impact was \$300,000 (\$200,000 impact to the General Fund). In FY 2014, the County is anticipating a 2% salary adjustment for all employees, which will be decided by the Board at its December meeting. If implemented, the total impact is estimated at \$300,000.
- Budgeted payroll: The FY 2014 budgeted payroll in the General Fund, including ERE’s, is decreasing from \$23,775,588 to \$23,526,782. Total budgeted payroll is dropping from \$40,951,915 to \$39,595,983.
- Budgeted FTE’s: In FY 2014, budgeted FTE’s in the General Fund are increasing from 346 to 376. Total FTE’s are increasing from 659 to 679.
- Health benefits: In FY 2013, county employees absorbed approximately 70% of the 5% increase in health insurance premiums. The total cost to the County was \$500,000 (\$330,000 to the General Fund and \$170,000 to other funds). In FY 2014, the county’s overall rates for health insurance were anticipated to increase by 6.5% and the County would have had to pass the impact onto employees. However, as a result of many employees converting to a high deductible health plan in lieu of their existing co-pay option, the cost to the County actually decreased by approximately \$100,000. Depending on the health plan option, the employer/employee percentage contribution split for

employee coverage only can range between 78/22 to 95/5 and employee plus family coverage can range between 70/30 to 85/15.

- **Employee vacancy & turnover rates:** In FY 2013, the County had an employee vacancy rate of approximately 10.6% and a turnover rate of approximately 20% for all funds. County officials are currently trying to determine the turnover rate for FY 2014, which they claim is up dramatically.
- **Jail facilities:** The county jail holds 420 beds and is near full capacity. The County is in the process of expanding the jail facilities by adding approximately 20 beds, as well as additional space for a kitchen, laundry facilities, and medical examinations. In FY 2012, the County began charging municipalities for bed rentals at half of the federal rate for three years through FY 2014. The County has secured a contract to house up to 120 U.S. Marshall's inmates (average population is 60 inmates) at \$59/day. Budgeted revenue from the U.S. Marshalls was \$3,716,126 in FY 2013. The County contracts with BIA for housing juvenile inmates at \$130/day.
- The FY 2014 budgeted expenditures for jail operations are \$6,814,302 (General Fund is \$3,174,510). Total medical costs in the jail facilities are budgeted at approximately \$210,000. The juvenile detention fund budget is up slightly to \$1,131,685. The sheriff's budget is decreasing slightly from \$6,697,426 to \$6,671,226 (General Fund is \$5,409,981).

Capital Projects

The County is planning to build a new Public Works complex, in which construction will commence in October 2013 and is anticipated for be completed by October 2014.

Improvements to the county detention facility includes \$150,000 for a covered sally port, \$50,000 in casework, \$350,000 for kitchen & laundry equipment, \$500,000 for the security system, \$75,000 for medical equipment, and \$75,000 for booking equipment.

Debt

According to the Department of Revenue's FY 2012 Report of Indebtedness, the County held \$9,135,000 in revenue bonds. The County issued \$6.6 million in 15-year revenue bonds in 2008 to pay for several projects, including a new county administrative building in Heber-Overgaard, facility renovations and improvements of water tanks and other facilities at the county complex in Holbrook, renovations and improvements to the electrical system at the county complex, and the acquisition of sites, improvements and buildings located in Show Low, which will serve as a new regional county service center. The County pays for the debt service payments with General Fund TPT revenues. In the FY 2014, the debt service payment appears to be increasing from \$1,150,000 to \$5,404,000; however, this year's number is inflated due to the County's decision to refund the 2008 bonds (discussed below). The FY 2014 budgeted debt service payment is actually decreasing to \$1.1 million.

In August 2012, the County secured a loan of \$8.5 million for debt refinancing (\$4.3 million), jail construction (\$4 million), and miscellaneous fees (\$200,000). The County was planning to use the \$4.3 million for debt refinancing to pay off the balance on the 2000 Series COP's for jail construction. The FY 2014 budget includes a debt service payment of \$600,000 for the 2013 revenue bond issuance.

In FY 2014, the County is planning to issue \$10,625,000 in new revenue bonds and to refund existing revenue bonds. Of the total amount, \$1.2 million will be used for detention facility improvements and \$4.5 million for the new Public Works complex. The remaining \$4.8 million is for the refunding of the 2008 outstanding revenue bonds. The FY 2014 budget includes a debt service payment of \$1.6 million.

PIMA COUNTY
FY 2014 Tentative Budget

Overview

- Pima County's General Fund budget for FY 2014 is \$506,918,164, an increase of \$15,026,431 (3.1%) over last year's General Fund budget of \$491,891,733.
- The County's unreserved General Fund balance for the beginning of this fiscal year is \$44,056,613, \$22,473,369 (33.8%) less than last year's fund balance of \$66,529,982. The current fund balance represents 8.7% of the total General Fund.
- Total financial resources available decreased \$319,562,582 (16.9%), from \$1,891,874,602 to \$1,572,312,020. Total budgeted expenditures increased \$36,567,245 (3%), from \$1,233,496,441 to \$1,270,063,686. The total budgeted expenditures represent 81% of the total budgeted financial resources.

Property Values

- Pima County's primary net assessed value dropped \$514.8 million (6.4%) to \$7,559,129,097. The secondary net assessed value decreased \$547.5 million (6.7%) to \$7,623,691,280.

Property Tax Revenues

Primary Levy

- The County is proposing a primary tax rate increase of \$0.2922, from \$3.4178 to \$3.7100 (*this was the proposed rate in the tentative budget; however, the rate was lowered to \$3.6665 in the final budget*). This year's primary rate is below the TNT rate of \$3.7191 and well below the maximum tax rate of \$4.7491.
- The proposed levy is increasing \$4,492,645 (1.6%), from \$275,951,044 to \$280,443,689 (*reduced to \$277,155,468 in the final budget*).

Debt Service

- The county's debt service tax rate remains the same at \$0.7800. The levy is decreasing \$4,270,661 (6.7%), from \$63,735,453 to \$59,464,792.
- The debt service budget is up \$11,077,120 (9.8%), from \$112,966,351 to \$124,043,471.

Flood Control

- The Flood Control District levy is dropping \$1,142,225 (6%), from \$19,089,598 to \$17,947,373. The rate stayed the same at \$0.2635.
- The District's budget is up \$1,027,181 (9%), from \$11,457,002 to \$12,484,183 (excluding grants).
- The beginning fund balance for FY 2013 was \$8,221,913 (43% of levy).

Library District

- The Pima County Library District rate is up \$0.0293, from \$0.3460 to \$0.3753. The levy is increasing \$530,300 (1.9%), from \$28,081,413 to \$28,611,713.
- The Library District budget is up \$1,000,000, from \$34,000,000 to \$35,000,000 (excluding grants). The County operates 27 branches, a Book Mobile, and main deposit locations at the Pima County jail and juvenile detention center. The Library District began FY 2013 with a beginning fund balance of \$14,519,035.

PIMA COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	3.4178	3.7100	0.2922	3.7191	\$275,951,044	\$280,443,689	\$4,492,645	2%
Bonds	0.7800	0.7800	0.0000		\$63,735,453	\$59,464,792	-\$4,270,661	-7%
Flood	0.2635	0.2635	0.0000		\$19,089,598	\$17,947,373	-\$1,142,225	-6%
Library	0.3460	0.3753	0.0293		\$28,081,413	\$28,611,713	\$530,300	2%
OVERALL RATE	4.8073	5.1288	0.3215		\$386,857,508	\$386,467,567	-\$389,941	0%

Stadium District

- In FY 2014, the total budgeted revenue in the Stadium District is \$2,281,135. The revenue in the District is generated from car rental surcharge fees of \$1,493,000 and recreational vehicle surcharge fees of \$159,000, charges for services provided for special events of \$153,000, \$21,135 from investment earnings, and \$455,000 from other miscellaneous revenue from soccer and baseball leagues, special events, and utility cost reimbursements.
- An additional \$3,471,204 is transferred in from the county General Fund to the District as follows: \$2,223,600 from the hotel/motel tax; \$1,058,002 for maintenance of baseball practice fields; and \$189,602 for the operation of Kino Ecosystem Restoration Project.
- The Stadium District budget increased from \$4,622,363 to \$5,039,746. There is a debt service payment of \$2,898,443 included in the FY 2014 budget.

Other General Fund Revenues

- State shared sales tax revenues are budgeted to bring in \$99,300,000, \$5,654,000 (6%) more than last year.
- Auto lieu tax is up \$218,855 (0.9%), from \$23,113,145 to \$23,332,000.
- Transient lodging tax is up \$151,200 (2.8%), from \$5,342,400 to \$5,493,600.

Other Special Revenues

Transportation

- HURF is budgeted to generate \$49,233,840, \$2,269,535 (4.8%) more than last year.
- The transportation budget is increasing \$2,242,331 (5.9%), from \$38,034,936 to \$40,277,267.

Sheriff

- The County does not rent beds to other jurisdictions, however, other jurisdictions are charged for misdemeanor arrests (\$253.82 for the first day and \$85.58/day for the remaining time served).
- The adult facility can hold up to 2,377 beds without triple bunking and the estimated average occupancy is 85%.
- In FY 2014, budgeted expenditures in the sheriff's office (General Fund and special revenue funds) are increasing \$4,933,399 (3.5%), from \$140,818,839 to \$145,752,238.

Charges to Special Districts

- Library District – The County is charging the District \$3,001,796 in FY 2014 for administrative overhead costs.
- Flood Control District – The County is charging the District \$562,991 in FY 2014.
- Road Fund – The charge to the Road Fund is \$1,931,770.

Expenditures

- Employee compensation: During FY 2014, all employees will receive a 1% COLA effective 7/1/13 and an additional 2% effective 1/1/14 (estimated cost to General Fund is \$4,505,480 and the cost to all funds is \$6,610,336). In addition, employees will receive a one-time lump sum compensation adjustment on July 19, 2013 based on length of time of service since the last compensation adjustment

(since FY 2008), which will range from \$200 to \$1,000 per employee (estimated cost to the General Fund is \$3,456,570 and the cost to all funds is \$5,317,800).

- **Budgeted payroll:** In FY 2014, General Fund budgeted payroll, including ERE's, are increasing from \$273,042,104 to \$302,078,147. Total budgeted payroll for all funds is increasing from \$428,183,725 to \$442,555,058.
- **Health benefits:** In FY 2013, healthcare premiums increased 11% at a cost of \$6 million. The County absorbed \$5 million of the increase and employees absorbed \$1 million.
- **Budgeted FTE's:** In FY 2014, General Fund FTE's are increasing from 4,731 to 4,741 and FTE's in total funds are increasing from 7,314 to 7,328.

Capital Projects

The total capital projects fund, which includes both bond and non-bond projects, is budgeted at \$182,441,811 in FY 2014. The projects are broken down as follows: Transportation (\$80,193,296); Facilities Management (\$47,024,037); Sheriff (\$20,583,490); Regional Flood Control (\$15,183,791); Parks and Recreation (\$5,204,648); Open Space (\$4,748,202); Community Development (\$4,401,065); Information Technology (\$3,444,285); Environmental Quality – Solid Waste (\$955,371); Office of Sustainability and Conservation (\$700,546); and Project Management Office (\$3,080).

Debt

According to the Department of Revenue's Report of Indebtedness, the total outstanding debt at the end of FY 2012 in Pima County was \$1,172,359,145 [COP's=\$38,730,000; GO=\$456,145,000; and Revenue Bonds=\$677,484,145].

GO Bond debt: The budgeted payment in FY 2014 is \$59,425,084 to fund existing debt service and the debt service on a \$50 million bond sale expected in the spring of 2013. As the 1997 bonds are being retired, 2004 and 2006 bonds are being sold incurring new debt.

Street and Highway Revenue Debt Service: The 1997 Transportation Bond authorization provides for the sale of Street and Highway Revenue bonds with the debt service being repaid from HURF revenues. The budgeted debt service in FY 2014 is \$17,397,363.

COP's: The 2008 and 2009 COP's were issued primarily to fund short-term cash flow requirements affecting the construction of transportation and sewer projects. The debt service is primarily funded with operating transfers from transportation impact fees and sewer revenue funds. In January, 2010, the County issued \$20 million in COP's to fund the PimaCore project for the acquisition of a countywide resource management system. In FY 2013, the County issued \$54.5 million in COP's, in which \$30 million will fund short-term cash flow requirements, \$18.5 million for the construction of Fleet services facility improvements, and \$6 million for the construction of Curtis Park. The amount of \$47,221,024 is budgeted to fund total debt service requirements in FY 2014.

The Citizen's Bond Committee is reviewing possible projects for inclusion in a bond election that will not occur until after 2014.

PINAL COUNTY
FY 2014 Tentative Budget

Overview

- Pinal County's General Fund budget for FY 2014 is \$186,973,272. This is a decrease of \$3,849,226 (2%) below the FY 2013 budget of \$190,822,498.
- The County shows an unreserved General Fund balance of \$42,422,266, which is \$97,487 more than last year. The fund balance represents 22.7% of the total General Fund.
- The total budget (financial reserves) increased \$39,207,723 (11.7%), from \$334,515,835 to \$373,723,558.

Property Values

- The primary net assessed value decreased \$164.9 million (7.7%) to \$1,988,882,373. The secondary net assessed value dropped \$171.7 million (7.9%) to \$2,005,343,534.

Property Tax Revenues

Primary Levy

- The primary tax rate remains the same at \$3.7999, which is \$2.0236 below the maximum allowable tax rate of \$5.8235. The proposed primary rate is also \$0.4001 less than the TNT rate of \$4.2000.
- The primary property tax levy for FY 2014 is \$75,575,541, generating \$6,266,087 (7.7%) less revenue than last year's levy of \$81,841,628. This year's primary levy is also \$40,247,026 lower than the county's constitutional levy limit of \$115,822,567.

Flood Control District

- The Flood Control District levy decreased \$218,287 (7.1%), from \$3,056,319 to \$2,838,032. The tax rate for the District remains the same at \$0.1700.
- The District budget is up \$8,785,780 (112%), from \$7,829,799 to \$16,615,579. This is the first year the County is fully budgeting the fund balances in its special taxing district budgets. In FY 2014, the fund balance in the District is \$13.3 million.

Library District

- The Library District levy is \$166,519 (7.9%) lower than last year at \$1,945,183. The rate remains the same this year at \$0.0970.
- The total budget increased \$973,539 (47%), from \$2,072,340 to \$3,045,879. The fund balance in the District is approximately \$1.1 million.

Public Health Services District

- The County Board of Supervisors created a PHSD by unanimous vote of the board, which became effective in October 2007, and is funded by a 0.10-cent sales tax rate.
- The sales tax revenue that supports the PHSD budget is decreasing from \$2,512,887 to \$2,492,130.
- The PHSD budget is up \$2,529,077 (70%), from \$3,606,009 to \$6,135,086. In FY 2014, the fund balance is approximately \$2.4 million. The MOE payment is \$1,207,075.
- The budget includes a transfer of \$361,888 from the PHSD to the county General Fund for the debt service payment on its revenue bonds.

PINAL COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	3.7999	3.7999	0.0000	4.2000	\$81,841,628	\$75,575,541	-\$6,266,087	-8%
Flood	0.1700	0.1700	0.0000		\$3,056,319	\$2,838,032	-\$218,287	-7%
Library	0.0970	0.0970	0.0000		\$2,111,702	\$1,945,183	-\$166,519	-8%
OVERALL RATE	4.0669	4.0669	0.0000		\$87,009,649	\$80,358,756	-\$6,650,893	-7%

Other General Fund Revenues

- The half-cent sales tax increased \$166,000 (1.3%), from \$12,875,000 to \$13,041,000.
- State shared sales tax is up \$1,608,000 (5.9%), from \$27,192,000 to \$28,800,000.
- Auto lieu is up \$340,000 (4.2%), from \$8,160,000 to \$8,500,000.
- PILT dropped \$162,135 (13%), from \$1,250,000 to \$1,087,865.
- Building permit revenues increased \$246,912 (20.6%), from \$1,200,000 to \$1,446,912.

Special Revenue Funds

Roads

- HURF revenue is up \$2,820,000 (14.7%), from \$19,180,000 to \$22,000,000.
- The HURF budget increased \$3,929,387 (19.2%), from \$20,443,323 to \$24,372,710.

Jail Facilities

- **Adult Jail:** The adult facility has a maximum of 1,511 beds with an average daily occupancy of 1,135. The County has a contract with the US Marshalls to rent up to 250 beds at \$59.74/day and ICE to rent up to 625 beds at \$59.64/day. Budgeted revenue from renting beds in the adult facility in FY 2013 was \$14,228,491 and is increasing to \$15,402,300 in FY 2014.
- **Juvenile:** The juvenile facility holds 96 beds, with an average occupancy of 42. Up to 22 beds are rented to the US Marshalls at \$80/day (average beds rented to the US Marshalls was 8 last fiscal year).
- Budgeted expenditures in the sheriff's office are increasing from 51,298,389 to \$52,291,895 in FY 2014. In FY 2014, medical costs in the adult facility are budgeted at \$3,698,117 and \$293,920 in the juvenile facility.

Charges to Special Districts

- Flood Control District - In FY 2013, the County charged the District \$54,646 for reimbursement of services. In FY 2014, the County is charging the District \$50,000.
- Library District - In FY 2013, the County charged the District \$619,409. In FY 2014, the County is charging the District \$802,670.
- PHSD - In FY 2013 and FY 2014, the County charged the District \$406,003.
- Road Fund - The County charged the fund \$1,979,531 in FY 2013 for indirect costs and \$1,751,594 in FY 2014.

Expenditures

- Employee compensation: In FY 2013, the County awarded employees with a one-time payment of 2.5% of the employee's salary for full-time employees. Part-time employees were awarded \$100. The cost to the General Fund was \$2,088,170 and \$675,071 to other funds. In FY 2014, the County will be awarding employees with a 2.5% merit increase (effective Spring 2014). The County has reserved \$700,000 for FY 2014; however, the annualized cost is approximately \$2.4 million.
- Budgeted payroll: In FY 2014, General Fund budgeted payroll, including EREs, is increasing from \$107 million to \$111 million. Total payroll is up from \$146 million to \$147 million.
- Health benefits: Based on the FY 2013 budget meeting, the County covered a flat amount toward employee benefits, which was budgeted at \$6,741/employee. The County absorbed 100% of the increase in insurance premiums, which was estimated to be 10%. The budgeted cost of the increase to

the County was \$503,909 to the General Fund and \$686,801 to all funds. The County is not anticipating a cost increase in FY 2014.

- Budgeted FTE's: In FY 2014, General Fund FTE's are increasing from 1,515 to 1,544 and total FTE's are dropping from 2,132 to 2,123.
- Employee vacancy & turnover rates: In FY 2013, the County has a 3% to 4% vacancy rate and is not experiencing much turnover.

Capital Projects

The total capital projects budget in FY 2014 is \$20,391,790:

- Countywide computer project (\$3,600,000)
- Public Works/Kelvin Bridge (\$4,228,000)
- Public Works/Gantzel Road (\$9,135,790)
- Fairgrounds (\$228,000)
- Capital projects miscellaneous (\$3,200,000)

Debt

According to the Department of Revenue's FY 2011-12 Report of Indebtedness, the County held \$150,985,000 in debt. Of that amount, \$58,900,000 was in MPC debt and \$92,085,000 was in revenue bonds. In FY 2011, the County issued \$30.4 million in new revenue bonds, of which \$12 million was for construction of health clinics and renovations of human resources and administration office space. Over \$18 million was for the refunding of the Series 2001 COP's.

Debt Service Payments: Total debt service payments in FY 2014 amount to \$17,089,143:

- Adult/juvenile detention expansion COP (\$4,972,425); Series 2010 refunding bond (\$2,487,888); capital leases (\$1,029,707).
- GADA (\$8,035,214): Ironwood/Gantzel Road (\$5,120,425); Animal Control expansion (\$212,325); 2008 long-term care facility (\$346,425); Series 2010 bonds/public health clinic and General Fund (\$769,976) and various projects (\$1,586,063).
- Lease & long term debt: Heavy equipment leases (\$563,909).

SANTA CRUZ COUNTY

FY 2014 Tentative Budget

Overview

- Santa Cruz County's FY 2014 General Fund budget is \$27,601,491, which is \$493,474 (1.8%) higher than last year's budget of \$27,108,017.
- The County started the year with an unreserved General Fund balance of \$10,949,691. This is \$338,189 (3.2%) above last year's balance of \$10,611,502. The fund balance represents 39.7% of the total General Fund budget.
- This year's total budget of \$71,557,387 is \$1,812,684 (2.5%) less than last year's adopted budget of \$73,370,071.

Property Values

- The primary net assessed value decreased \$31.1 million (8.4%) to \$338,356,662. The secondary net assessed value dropped \$35.8 million (9.5%) to \$339,878,006.

Property Tax Revenues

Primary Levy

- The County is proposing to increase its primary property tax rate 90 cents, from \$2.8215 to \$3.7215 (*this was the proposed rate in the tentative budget; however, the County reduced the rate to \$3.4215 at final budget adoption*). The county's maximum tax rate is \$3.8465 and the TNT rate is \$3.1159.
- The proposed primary property tax levy of \$12,591,943 is \$2,166,553 (21%) more than last year's levy of \$10,795,615 and just 3% below the county's constitutional levy limit of \$13,014,890. (*The primary levy was reduced to \$11,576,873 in the final budget.*)

Flood Control

- The County's Flood Control District levy is up \$367,155 (18.8%) this year, from \$1,953,612 to \$2,320,767. The rate is increasing 18 cents, from \$0.5643 to \$0.7443 (*this was the proposed rate in the tentative budget; however, the County reduced the rate to \$0.6843 at final budget adoption*).
- The Flood Control District budget is up \$436,968 (18%), from \$2,429,137 to \$2,866,105. The fund balance in the District is \$4,775,361, in which \$1 million is designated as reserves and the remaining amount is reserved for the Chula Vista bridge project.

SANTA CRUZ COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	2.8215	3.7215	0.9000	3.1159	\$10,425,390	\$12,591,943	\$2,166,553	21%
Flood	0.5643	0.7443	0.1800		\$1,953,612	\$2,320,767	\$367,155	19%
OVERALL RATE	3.3858	4.4658	1.0800		\$12,379,002	\$14,912,710	\$2,533,708	20%

Other General Fund Revenues

- Auto lieu tax revenues are up \$100,000, from \$1,200,000 to \$1,300,000.
- The county's half-cent sales tax is staying the same at \$2,300,000.
- State shared sales tax is up \$100,000 to \$3,900,000.
- PILT is up \$500,000 (125%), from \$400,000 to \$900,000.
- In FY 2014, the state budget reinstated the lottery revenues of \$550,000 for Santa Cruz County.

Special Revenue Funds

- Road fund revenue is up \$569,000 (16%), from \$3,550,000 to \$4,119,000.
- Forest fees are increasing \$270,946 (89%), from \$304,054 to \$575,000.
- The Road Fund budget is increasing \$492,947 (9%), from \$5,473,637 to \$5,966,584.

Jail District

- Voters approved the jail district in November 2005, with the ability to levy a half-cent sales tax effective 7/1/06. In FY 2014, total revenues in the Jail District are decreasing \$1,800,000 (30%), from \$6,100,000 to \$4,300,000, which includes a combination of the ½-cent sales tax revenue (\$2.3 million) and revenue from renting beds to other entities (\$2 million-see below).
- **Adult facilities:** The adult jail facility holds 377 beds and the occupancy is just over 50% on average.
- The Jail District budget is down \$220,459 (2.3%), from \$9,519,510 to \$9,299,051. Currently, there are 85 FTE's in the Jail District, with total personnel compensation costs amounting to just over \$4 million (\$2.8 million in salaries plus employee-related expenses).
- In FY 2013, medical expenses in the jail facilities were budgeted at \$900,000. The County has four nurses, after adding two more this year, assigned to the jail facilities in order to maintain low medical costs.
- In FY 2014, the District anticipates renting approximately 140 beds on average to other entities, such as the U.S. Marshalls, ICE, and Customs, at a charge of \$65/day. The Feds are responsible for any additional medical and dental costs, as well as transportation costs. As stated above, approximately \$2 million accounts for the housing of inmates for other jurisdictions, which is down from last year's revenue estimate of \$3 million.
- The MOE payment is increasing from \$2,956,915 to \$2,994,530. The transfer amount of \$3,994,530 reported in the budget includes a transfer of \$1 million from the General Fund to the Jail District to cover the deficit in the District.
- **Juvenile jail facilities:** The old juvenile jail facility holds 28 beds, with approximately 12 beds occupied on average. The new juvenile facility holds 32 beds, which was completed in FY 2010. Juveniles moved into the new facility in December 2011.

Charges to Special Districts: In FY 2013, the County charged its special districts \$426,490 for indirect costs. In FY 2014, the County has budgeted \$425,000 and the majority of the charges are applied to the Flood Control District and the Road Fund.

- **Flood Control District** - The County charged the District \$124,979 in FY 2013.
- **Road Fund** - The amount charged to the Road Fund in FY 2013 was \$279,624, which is approximately the same in FY 2014 at \$280,000.

Expenditures

- **Employee compensation:** In FY 2013, the County awarded its employees with a one-time bonus in December, 2012 of \$1,000 for full-time employees and \$500 for part-time permanent employees. The total impact amounted to \$204,750 (\$159,500 to the General Fund and \$45,250 to other funds). The County is not budgeting for employee pay raises in FY 2014.
- **Budgeted payroll:** In FY 2014, General Fund budgeted payroll, including ERE's, increased from \$11,531,576 to \$11,695,322. Total budgeted payroll increased from \$23,113,581 to \$23,586,796.
- **Health benefits:** Health premiums did not increase in FY 2013. The average subsidy for employee coverage is 89.3% and 75.3% for dependents. In FY 2014, the County is absorbing the increase in health insurance costs at a total cost of approximately \$106,000 (\$48,000 to the General Fund and \$58,000 to other funds).
- **Budgeted FTE's:** In FY 2014, budgeted General Fund FTE's are increasing from 174 to 180 and FTE's in total funds are increasing from 383 to 386.
- **Employee vacancy & turnover rates:** The county employee vacancy rate is less than 5% and the estimated employee turnover rate is less than 1%.

Debt

At the end of FY 2012, Santa Cruz County had \$14,185,000 in outstanding revenue bonds, which was a GADA loan used for the new court facilities (the debt is scheduled to be paid off in 2032). The debt service payment in the county's FY 2014 budget is \$997,506.

The Santa Cruz County Jail District had \$39,460,000 outstanding in revenue bonds at the end of FY 2012 and the budgeted debt service payment in FY 2014 is \$3.2 million. The debt in the Jail District is scheduled to be paid off in 2031.

Flood Control District-Revenue Debt

In January 2012, the Board of Supervisors (BOS) approved a \$13 million, 20-year loan for the construction of the Chula Vista Bridge and Palo Parado Road. The \$13 million obligation is the result of an IGA between the county BOS and the FCD, in which the BOS is the Board of Directors. The annual debt service payment amounts to \$680,000 in FY 2014.

Construction on the Palo Parado project was completed in March 2013. However, construction on the Chula Vista Bridge will not commence until the federal government approves the funding for the project, which the County anticipates it will receive this year. The County estimates the total project cost for the Chula Vista Bridge to be \$56 million, in which approximately \$2 million will consist of county funds.

Capital Projects

The capital projects budget is increasing from \$61,102 to \$796,602, which includes the following projects: CDBG – Gorrion Court (\$550,000); CDBG projects (\$59,634); Jail District construction (\$103,579); Courthouse construction (\$26,970); and environmental assessment (\$55,000).

YAVAPAI COUNTY
FY 2014 Tentative Budget

Overview

- Yavapai County's General Fund budget for FY 2014 of \$89,679,704 is a \$1,661,618 (1.9%) increase from last year's adopted budget of \$88,018,086.
- This year's beginning General Fund balance of \$5,268,001 is \$2,811,146 (34.8%) less than last year's balance of \$8,079,147. The fund balance represents 5.9% of the total General Fund.
- The total financial resources in FY 2014 are decreasing \$12,350,947 (5.2%), from \$236,582,755 to \$224,231,808. The total budgeted expenditures are \$190,959,459 and represent 85% of total financial resources.

Property Values

- The primary net assessed value decreased \$172.8 million (7.2%) to \$2,232,629,599. The county's secondary net assessed value dropped \$135.1 million (5.6%) to \$2,279,676,521.

Property Tax Revenues

Primary Levy

- The county's primary property tax levy of \$43,108,560 is \$3,596,249 (9.1%) more than last year's levy of \$39,512,311.
- The primary rate increased \$0.2882, from \$1.6426 to \$1.9308, which exceeds the county's TNT rate of \$1.7915; therefore, the County is required to hold a TNT hearing. The county's maximum tax rate that can be levied is \$2.1680.

Flood Control District

- The Flood Control rate decreased from \$0.2963 to \$0.2162. The levy is dropping \$2,001,654 (32.8%), from \$6,093,654 to \$4,092,000.
- The Flood Control District budget decreased \$1,970,855 (19%), from \$10,366,080 to \$8,395,225. Actual expenditures during FY 2013 are reported at \$6,740,200, which is just 65% of the amount budgeted.
- In FY 2013, the District had a beginning fund balance of \$4,622,426. In FY 2014, the beginning fund balance is 4,103,225, which is nearly equal to the proposed levy of the District.

Library District

- The Library District rate decreased from \$0.1660 to \$0.1491. As a result, the levy is decreasing \$609,612 (15.2%), from \$4,009,612 to \$3,400,000.
- The Library District budget decreased \$640,051 (11.7%), from \$5,467,465 to \$4,827,414.
- In FY 2013, the beginning fund balance in the Library District was \$1,421,710 (35% of levy). In FY 2014, the beginning fund balance is \$1,361,271.
- County employees only staff libraries in unincorporated areas of the county. Otherwise, cities administer their municipal libraries. The County supports all libraries with the library network for inter-library book loans, databases, and capital improvements.

YAVAPAI COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	1.6426	1.9308	0.2882	1.7915	\$39,512,311	\$43,108,560	\$3,596,249	9%
Flood	0.2963	0.2162	-0.0801		\$6,093,654	\$4,092,000	-\$2,001,654	-33%
Library	0.1660	0.1491	-0.0169		\$4,009,612	\$3,400,000	-\$609,612	-15%
OVERALL RATE	2.1049	2.2961	0.1912		\$49,615,577	\$50,600,560	\$984,983	2%

Other General Fund Revenues

- In FY 2014, the County is apportioning the ½-cent sales tax as follows: 45% to the General Fund, regional roads 40%, and 15% for capital improvements. The total budgeted ½-cent sales tax for FY 2014 is \$14,246,171, which is \$1,412,546 (11%) more than last year's budgeted revenues of \$12,833,625.
- VLT increased \$130,084 (2%), from \$6,682,712 to \$6,812,796.
- State shared sales tax is up \$848,804 (3.6%), from \$23,893,020 to \$24,741,824.
- PILT revenues decreased \$229,823 (8%), from \$2,872,793 to \$2,642,970.
- Lottery revenues of \$550,000 were reinstated in FY 2014.

Special Revenue Funds

Road Fund

- In FY 2014, revenues in the Public Works fund are down \$1,113,770 (7.7%), from \$14,499,080 to \$13,385,310. The available fund balance is \$9,452,498.
- The HURF budget is decreasing \$744,072 (5.1%), from \$14,674,539 to \$13,930,467.
- The Regional Roads budget is decreasing \$5,979,396 (40.7%), from \$14,686,374 to \$8,706,978.

Jail District

- Yavapai County voters approved a jail district in November 1999 with the authority to levy a sales tax to fund the District. In FY 2014, the sales tax will generate \$7,122,252, \$753,810 (11.8%) more than last year.
- In FY 2014, the MOE payment increased \$189,624 (2.9%), from \$6,647,180 to \$6,836,804.
- The Jail District budget increased \$364,011 (2.3%), from \$15,810,623 to \$16,174,634. The fund balance in the District is \$903,488.
- There are approximately 600 beds in the Verde Valley adult facility, with the ability to open an additional 44 beds (the Prescott facility held 135 beds). The average occupancy of the Verde Valley facility was 563 in FY 2012. In FY 2013, the County estimated total revenues of approximately \$2,400,000 by renting beds at \$60/day to other jurisdictions, the same as last year. The County rents beds to ICE, US Marshals, and the Bureau of Indian Affairs.
- Medical costs in the jail are budgeted at \$3,392,499. The County contracts with Wexford to deliver its medical services in the jails, including restoration-to-competency (RTC) services. During FY 2013, Yavapai contracted with seven counties to provide RTC services – Coconino, Mohave, Yuma, Navajo, Graham, Gila, and La Paz. The County budgeted \$1,100,000 for renting beds for RTC at a rate of \$350 on the day of intake and \$250 for subsequent days.
- During FY 2013, the County completed construction of a new juvenile jail facility. The new facility holds 80 beds and the average occupancy is approximately 50%.

Charges to Special Districts

- Flood Control District - In FY 2013 and 2014, the County transferred \$550,000 from the District to the General Fund for administrative costs.
- Library District - In FY 2013 and FY 2014, the County charged the District \$570,342 for administrative costs.

Expenditures

- Employee compensation: In FY 2013, employees received a merit increase of 1%, effective October 2012. The total cost of the increase was \$603,727—\$430,425 in the General Fund and \$173,302 in other budgeted funds.

- **Budgeted payroll:** The General Fund budgeted payroll, including ERE's, is increasing from \$55,522,770 to \$56,662,616. Total budgeted payroll is increasing from \$94,892,581 to \$96,204,074.
- **Health benefits:** In FY 2013, the 2.5% increase in health premium insurance costs were estimated to be proportionally absorbed between the counties and the employees. The insurance premium increase impacted the General Fund by \$156,692 and other funds by \$64,162. The County continues to pay 100% of employee benefit costs and 25% for dependents.
- **Budgeted FTE's:** The budgeted General Fund FTE's in FY 2014 are decreasing from 854 to 850. The total budgeted FTE's are decreasing from 1,531 to 1,504.
- **Employee vacancy & turnover rates:** The employee vacancy rate at the end of FY 2013 for the General Fund was 14.6% and 16.3% for all funds and the turnover rate for calendar year 2012 was 14%.

Capital Projects

The capital projects budget dropped from \$10,451,659 to \$6,144,936.

Remaining county funds will fund the following projects in FY 2014: Public Works addition \$2,460,000; Courthouse renovations \$2,541,000 (total cost of the project, including improvements to elevators, drainage, sewer, roof, HVAC, and electrical - \$3,030,000); All other remaining projects (\$839,936).

Debt

According to DOR's Report on Bonded Indebtedness, the County held \$24 million in lease-purchase debt at the end of FY 2012 (according to county officials, the debt balance was reduced to \$23 million by the end of FY 2013). This debt is the result of a 20-year, \$25 million agreement in 2008 that was used to fund a new Superior Court building next to the Camp Verde Jail (\$11 million) and a new Juvenile Detention and Administration facility on the Prescott Lakes Parkway (\$14 million). This debt agreement requires annual principal and interest payments of \$2,111,865 through FY 2028.

The debt service for the capital projects funded with the ½-cent sales tax is \$2,113,865 in FY2014.

YUMA COUNTY
FY 2014 Tentative Budget

Overview

- Yuma County's FY 2014 General Fund budget increased from \$75,367,041 to \$77,258,446, which is \$1,891,405 (2.5%) more than last year.
- The County started FY 2014 with an unreserved General Fund balance of \$16,576,861, which is \$948,803 (6.1%) more than last year's fund balance. The fund balance represents 21.5% of the total General Fund.
- The FY 2014 total budget increased \$6,878,971 (2.8%), from \$242,839,540 to \$249,718,511.

Property Values

- The primary net assessed value decreased \$74.5 million (6.3%) to \$1,112,115,440. The secondary net assessed value dropped \$94.8 million (7.7%) to \$1,131,581,406.

Property Tax Revenues

Primary Levy

- The primary levy of \$22,916,250 is an increase of \$610,435 (2.7%) above last year's levy of \$22,305,815.
- Yuma County adopted its TNT rate of \$2.0606, which is \$0.1808 more than last year's primary rate of \$1.8798. The proposed primary rate is \$0.2271 less than the county's maximum allowable tax rate of \$2.2877.

Flood Control District

- In FY 2014, the Flood Control District levy decreased \$312,092 (10.4%), from \$2,994,760 to \$2,682,668.
- The tax rate for the Flood Control District stayed the same at \$0.2794.
- The District began FY 2013 with a fund balance of approximately \$17 million. The fund balance has been accumulated for several projects, including the Smucker Park detention basin, in which the total estimated cost of the project is approximately \$7 million. The district just completed the design-phase of the project and will go out to bid within the next 90 days; however, the project most likely will not be completed during this fiscal year. The district is also budgeting \$4.7 million for other land and basin improvements in the county.
- The Flood Control District budget increased \$1,584,803 (8.2%), from \$19,344,358 to \$20,929,161.

Library District

- The Library District levy decreased \$503,909 (5%), from \$10,070,055 to \$9,566,146 (M&O from \$6,741,030 to \$6,226,171; bonds from \$3,329,025 to \$3,339,975).
- The Library District rate increased from \$0.8191 to \$0.8424 (M&O rate stays constant at \$0.5483; bond rate is increasing from \$0.2708 to \$0.2941). In 2005, the voters of Yuma County authorized the Library District to sell \$53 million in GO bonds to pay for three new libraries, expansion/renovation of three branches, and enhancements of two branches throughout the county.
- The budgeted amount for the Library District debt service in FY 2014 is \$7,431,792 (includes contingency of \$4,091,017).
- The beginning fund balance for FY 2014 is \$8,319,022.
- The Library District budget decreased \$910,407 (5.9%), from \$15,469,107 to \$14,558,700.

YUMA COUNTY	FY 2013 ADOPTED	FY 2014 PROPOSED	CHANGE	TNT	FY 2013 LEVY	FY 2014 LEVY	CHANGE	% CHANGE
Primary	1.8798	2.0606	0.1808	2.0606	\$22,305,815	\$22,916,250	\$610,435	3%
Flood	0.2794	0.2794	0.0000		\$2,994,760	\$2,682,668	-\$312,092	-10%
Library*	0.8191	0.8424	0.0233		\$10,070,055	\$9,566,146	-\$503,909	-5%
OVERALL RATE	2.9783	3.1824	0.2041		\$35,370,630	\$35,165,064	-\$205,566	-1%

*Yuma's Library District rate includes a rate of \$0.2708 for voter-approved GO bonds in tax year 2012 and \$0.2941 in tax year 2013.

Other General Fund Revenue

- Auto lieu is up \$51,923 (1%), from \$6,393,862 to \$6,445,785, and is distributed as follows: \$4,645,785 (General Fund); \$900,000 (HURF-public works); and \$900,000 (HURF-development services).
- The budgeted half-cent county sales tax is up \$611,997 (5.3%), from \$11,538,581 to \$12,150,578.
- State shared sales tax increased \$1,393,499 (8.2%), from \$17,040,922 to \$18,434,421.
- PILT is down \$65,724 (2%), from \$3,224,801 to \$3,159,077.

Special Revenue Funds

HURF (Road) Fund

- The county's HURF revenues are down \$264,000 (2.8%), from \$9,417,000 to \$9,153,000. In FY 2014, the County is distributing \$3,519,807 of HURF revenues to development services and \$5,633,193 to public works.
- The HURF fund budget decreased \$596,924 (2.1%), from \$28,621,771 to \$28,024,847 (\$18,669,265 in the Development Services fund and \$9,355,582 in Public Works).

Jail District

- The Yuma County Jail District sales tax increased \$613,997 (5.3%), from \$11,536,581 to \$12,150,578. In May 2011, voters approved a 20-year extension for the sales tax. The tax, which was originally scheduled to expire at the end of 2015, will now expire in 2035.
- The adult facility holds approximately 840 beds and the average occupancy is 550. The County rents beds at \$78/day for total budgeted revenues of \$553,500 from the Cocopah Tribe (\$43,500), the U.S. Marshalls, and other federal law enforcement agencies (\$510,000). Medical expenses are budgeted at \$725,000 in FY 2014.
- The juvenile facility holds 79 beds, which are rented to La Paz County and the Cocopah Tribe at an estimated \$45,000 in FY 2014.
- There are 272 FTE's in the adult facility and 54 in the juvenile facility (there are 38 vacant medical, clerical, supervisory, and officer positions).
- The county jail annex was completed in August 2008. The facility added 81 beds and increased the total number of beds to 757, of which approximately 550 are occupied.
- The beginning fund balance for FY 2013 was \$1,519,565. In FY 2014, the beginning fund balance is approximately \$2.8 million.
- The Jail District budget increased \$1,318,050 (6.9%), from \$19,159,814 to \$20,477,864.
- The MOE payment in FY 2014 is \$6,646,560.

Public Health Services District (PHSD)

- The County Board of Supervisor's created the PHSD in April 2005, which is funded with a local sales tax. On June 17, 2013, the Board voted to increase the sales tax rate from 0.10% to 0.112%, effective October 1, 2013. The sales tax is estimated to produce \$2,648,826 in FY 2014, up \$423,826 (19%) from last year.
- The MOE payment for the district is \$786,898.
- The PHSD began FY 2013 with a balance of \$1,057,393. The beginning fund balance in FY 2014 dropped down to \$258,368.

- The health services budget decreased \$437,398 (9.1%), from \$4,813,792 to \$4,376,394.

Charges to Special Districts

- Flood Control District - The County charged the Flood Control District \$173,062 in FY 2013 for reimbursement of services. In FY 2014, the County budgeted an amount of \$316,000 but county officials believe the actual cost will be the same as last year.
- Jail District - The District was charged \$582,262 by the County for reimbursement of services in FY 2013 and \$573,802 in FY 2014.
- PHSD - The County charged the district \$1,032,674 for reimbursement of services in FY 2013. In FY 2014, the charge dropped to \$465,524.
- Library District - The County charged the District \$331,955 for reimbursement of services in FY 2014, down from \$412,529 last year.

Expenditures

- Employee compensation: In FY 2014, the County is providing employees that meet certain standards a step increase based on the following: 2 years < 5 years of service-1/2-step (2.5%); 5+ years of service-1 step (5%). The step increases are effective 9/2013, with an impact to the General Fund of \$976,000 and \$1.69 million to total funds (not annualized). [This information is based on the County Regular Pay Plan. The information varies for the other pay plans.]
- Budgeted payroll: The General Fund budgeted payroll increased from \$41,029,054 to \$43,938,932. The total budgeted payroll increased from \$85,495,453 to \$91,339,500.
- Health benefits: In FY 2014, the County increased their \$250 deductible plan to a \$500 deductible PPO option and reduced three plan options to one PPO and a high deductible health savings account and the County pays a percentage of the monthly premium costs. In FY 2014, the Employee Benefit Trust Fund budget increased \$961,914 (5%), from \$17,522,147 to \$18,484,061. Actual costs in the Trust have typically been around \$12 million, however as a result of the Federal Health Care Affordable Act, the County anticipates expenditures to increase to around \$13 million.
- Budgeted FTE's: In FY 2013, the General Fund FTE's was budgeted at 655 and special revenue fund FTE's at 796, resulting in 1,450 total budgeted FTE's. In FY 2014, the General Fund FTE's are budgeted at 661 and total budgeted FTE's amount to 1,448.
- Vacancy & turnover rates: the most recent employee vacancy rate was 8.3% and the turnover rate was approximately 1%.
- Restoration to Competency (RTC): In an effort to decrease expenditures attributable to RTC costs, the County has developed its own program, which is modeled after the Yavapai County model that uses private providers. The County anticipates that it will have to fund approximately ten individuals this year under the program, which is expected to cost approximately \$400,000 this fiscal year.

Capital Projects

- The capital projects budget are increasing \$2,960,450 (43.6%), from \$6,785,140 to \$9,745,590. Capital projects slated for FY 2014 include:
 - County administration: The purchase and renovation of a vacant building at 197 Main St. that contains approximately 50,000 square feet. The estimate cost to renovate is \$4.6 million.

Debt

In FY 2013, the County entered into a lease purchase agreement to construct the East County facility. As of June 30, 2012, the outstanding balance on the revenue bonds was \$2,190,000 and the debt service payment for FY 2014 is \$511,899. In FY 2014, the County is refunding the outstanding revenue bonds and combined that debt with \$5.3 million in new debt, and will increase the payoff of the debt from 10 to 20 years.

Library District: As of June 30, 2013, the total GO debt for the Library District was \$45,585,000. Although the debt service payment in FY 2014 is reported as \$7,431,792, the actual debt service payment is \$3,339,975. The debt is scheduled to be paid off in FY 2035.

Jail District: The total outstanding revenue bond debt for the Jail District amounted to \$8.5 million as of June 30, 2011, and was originally scheduled to be paid off on or before July 1, 2015. However, since the voters approved the extension to the sales tax, the County refunded the bonds, which extended the payment over 10 years. The outstanding debt as of June 30, 2012 after the refinance was \$7,450,000 and the budgeted debt service payment in FY 2014 is \$1,026,150. The debt will be paid off in FY 2021.