

INTRODUCTION

ORGANIZATION

The governmental and administrative affairs of Pima County are directed by a five-member Board of Supervisors with each member elected from a designated district to serve a four-year term. The chairperson is selected by the Board from among its members. Other elected officials, often referred to as *constitutional officers*, are the Assessor, Clerk of the Superior Court, the Constables, County Attorney, Recorder, School Superintendent, Sheriff, and Treasurer. Presiding judges are appointed from elected members of the judicial bench.

REPORTING RELATIONSHIPS

Because of Arizona's constitutional provisions and the requirements promulgated by Arizona Revised Statutes, the government of Pima County is organized to have a direct and indirect relationship with the Board of Supervisors. The Board of Supervisors has direct control over the County's general government functions; community services; indigent defense; medical, health, and welfare services; and public works functions. These broad functions include the County's internal governmental administrative/management activities; maintenance and construction of the County's sewerage and sanitation infrastructures; County streets, roads, and bridges which comprise the County's transportation infrastructure; natural resources, parks, community centers, recreational facilities, and libraries; and numerous clinics. Indirect relationships are maintained with the elected officials.

BOARD OF SUPERVISORS

The Pima County Board of Supervisors is responsible for establishing the policies of the County that provide direction for the various departments and for appointing a County Administrator. The Board has the legal authority and responsibility to establish spending limits and approve the budgets of all County departments, including those of the elected officials. The Board also sets the amount of taxes to be levied in the County.

The members of the Board of Supervisors also sit as the Board on other boards, commissions, and/or committees such as the Corrections Officer Retirement Board, Board of Health, Metropolitan Tucson Convention and Visitors Bureau, Public Safety Retirement Board, Stadium District Board, Tucson-Pima Arts Council, and various Improvement Districts. The Board of Supervisors is also the statutory commission for the Tucson Airport Area Enterprise Zone and is the incorporator of the Pima County, Arizona Municipal Property Corporation.

COUNTY ADMINISTRATOR

Pima County's chief appointed official is the County Administrator who serves at the pleasure of the Board of Supervisors. The County Administrator reports directly to the Board. With the exception of certain duties of elected officials' departments, the County Administrator has direct responsibility for the oversight and operation of all County government functions in the areas of County Administration, Community & Economic Development, Justice & Law Enforcement, Office of Medical & Health Services, and Public Works.

The County Administrator implements Board policy and has the responsibility for developing the annual County budget and submitting a recommended budget to the Board of Supervisors for their consideration. Subsequent to public hearings and Board approval, the County Administrator also compiles and publishes the Adopted Budget.

SERVICES PROVIDED

Pima County offers a wide variety of governmental services that are organized into the following five functional areas:

COUNTY ADMINISTRATION

County Administration primarily provides internal administrative and support services to County departments directly serving the public. The departments comprising this function include the Assessor, Board of Supervisors, Clerk of the Board, Communications Office, County Administrator, Elections, Finance & Risk Management, Forensic Science Center, Human Resources, Information Technology, Non Departmental, Office of Emergency Management and Homeland Security, Procurement, Recorder, and the Treasurer.

COMMUNITY & ECONOMIC DEVELOPMENT

Community & Economic Development provides educational, cultural, social, economic development, and recreational programs to the public. The departments in this functional area are Community & Economic Development Administration; Community Development & Neighborhood Conservation; Community Services, Employment & Training; County Free Library; Economic Development & Tourism; Kino Sports Complex; School Superintendent; and the Stadium District.

JUSTICE & LAW ENFORCEMENT

Justice & Law Enforcement provides public safety, felony and misdemeanor investigation, and prosecution services for victims, witnesses, and those needing fiduciary assistance. Services are also provided in the areas of indigent defense, civil representation, correctional housing, and juvenile detention. Judicial services include jury selection, adjudication of trials, sentencing, and probation supervision. The child support services include Title IV-D and non-Title IV-D administrative functions such as maintaining child support, spousal maintenance, and special paternity case information; processing court orders; preparing and serving wage assignments; and receiving and processing court ordered payments. The departments within this area are the Clerk of the Superior Court; Constables; County Attorney; Indigent Defense; Justice Court Ajo; Justice Court Green Valley; Justice Courts Tucson; Juvenile Court; Office of Court Appointed Counsel; Public Fiduciary; Sheriff; and Superior Court.

OFFICE OF MEDICAL & HEALTH SERVICES

The Office of Medical & Health Services provides patient medical services, various public health and animal control services, and medical assistance to indigents. The component departments are Health; Institutional Health; and Pima Health System & Services. These departments comprise the major portion of the Pima County Integrated Health Care System, a diverse set of payer and provider operations for which the Department of Institutional Health serves as the administrative oversight structure.

PUBLIC WORKS

Public Works provides construction, operations, and maintenance services related to the County infrastructure and related planning and environmental issues. The departments within this area are Capital Projects; Development Services; Environmental Quality; Facilities Management; Fleet Services; Natural Resources, Parks & Recreation; Office of Sustainability & Conservation; Public Works Administration; Regional Flood Control District; Regional Wastewater Reclamation; Solid Waste Management; and Transportation.

THE BUDGETARY PROCESS

FUND COMPOSITION

The County adopts budgets for all governmental and enterprise funds. The internal service funds, Fleet Services, Graphic Services Production, Risk Management, and Telecommunications, are described in the budget document, but are not included in the total amount budgeted. To do so would duplicate the revenues and expenditures of the internal service funds in the budget as a whole.

BASIS OF PRESENTATION

As in prior years, departments are budgeted on a cost center/account line item basis. Fiscal year 1998/1999 was the first year the budget presentation included and emphasized the programmatic components of County services. Accordingly, the fiscal year 2011/2012 budget shows the costs and funding associated with programs, regardless of the funding source.

BASIS OF BUDGETING

The budgets of the governmental funds are presented on a modified accrual basis. The basis of the modified accrual methodology refers to how expenditures and revenues are projected and recognized. Under this methodology, revenues are recognized when they are measurable and available to finance current expenditures. Expenditures, on the other hand, are generally recognized when incurred. Exceptions to this policy are principal and interest expenditures on general long term debt which are budgeted either when due, or in period 12 (June) if the due date falls early in the next fiscal year.

The budgets of the proprietary funds are presented using the accrual basis. Under this methodology, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Under the basis of budgeting for capital leases, the acquisition costs and corresponding proceeds of the capital lease agreement are recorded. Only the principal and interest payments applicable to the budget period are reflected in the budget document.

Note that under the requirements of the Government Accounting Standards Board Statement No. 34 (GASB 34), Countywide audited financial statements are now produced on a full accrual basis. However, GASB 34 also requires that supplemental financial statements be produced that will serve as a crosswalk between the accounting basis of the audited financial statements and the budget.

BUDGETARY CONTROL

The County's adopted budget serves as a legal operating plan for the fiscal year. While its primary function is to provide a planning and allocation tool, it also serves management by providing the basis for measuring performance during the year.

The adopted budget has two levels of budgetary constraints: 1) within the General Fund, expenditures may not legally exceed appropriations at the department level and 2) within each Special Revenue Fund department, Capital Projects, Debt Service, and the Enterprise Fund, expenditures may not legally exceed the level of the total funding source. It should be noted that while budget limitations are based upon expenditures, emphasis is given in the budget documents to Net Fund Impact (NFI) for governmental funds and Net Assets Impact (NAI) for proprietary funds. NFI and NAI show the difference between total revenues and total expenditures for the fiscal year, plus or minus net operating transfers and other financing sources, when appropriate.

These concepts provide a clearer picture of how dollars are allocated, rather than emphasizing expenditures alone. For example, it is possible that a department could remain within its expenditure budget while, at the same time, fail to generate its corresponding budgeted revenues. In such an instance, more dollars would be required to meet the departmental and/or programmatic objectives than noted solely by the spending ceilings granted by the Board of Supervisors.

Pima County FY 2011/2012 Adopted Budget

To monitor compliance with these budgetary constraints, on a monthly basis, both revenue and expenditure projections are prepared by the departments and compiled by the Budget Division. Variances between these projections and the full year appropriations are reported to the County Administrator and the Board of Supervisors. These analyses provide not only a mechanism for monitoring performance, but also for adjusting (when necessary) departmental operating plans and resource utilization.

BUDGET AMENDMENTS

While state statutes prohibit the County from exceeding the final adopted budget amount, the budget is still just a planning document, and as such remains sufficiently flexible to accommodate changes that may occur during the fiscal year.

There are two categories of change that may be required to the adopted budget: 1) those affecting line items within a single department and 2) those requiring a transfer between departments or funds. In the first instance, departments retain the authority to modify line item amounts within their own budgets, provided the total program budgeted amount remains unchanged. In the second instance, the County Administrator has the authority to evaluate departmental requests for changes between departments and make recommendations for approval to the Board of Supervisors. Should the County Administrator recommend the change to the Board of Supervisors, the recommendation will be considered at a regularly scheduled, open meeting of the Board.

BUDGET PREPARATION AND APPROVAL

The budget of Pima County is comprised of two components: 1) departmental operating budgets, and 2) the Capital Improvement Budget.

Departmental Operating Budgets

All departments within each functional area are required to prepare their next year's budget requests using a target-based budgeting approach. Under this approach, base budgets are developed wherein revenues are assumed to be identical with those of the prior year, unless new revenues are clearly identified. Additionally, expenditures are assumed identical to those of the prior year after adjusting for such items as: 1) Board of Supervisors' approved programs, 2) changes in employee benefits, 3) Internal Service Fund charges, 4) one-time expenses, 5) annualized cost of prior year positions, 6) annualized costs associated with ongoing programs, and 7) annualized cost of prior year employee compensation.

In keeping with the target-based model, departments may also submit requests for supplemental funding, if they believe their base budget requests are too low to fund all programmatic needs. These supplemental requests must detail all needed support, including personal services, supplies and services, and capital. Supplemental requests must also identify the requested funding source. Additionally, supplemental requests must be prioritized for the department as a whole, and include an impact statement (should supplemental funding be denied) detailing the opportunity lost, mandate not met, measurement of services not provided, or outcome not achieved.

After these departmental budget requests are prepared, they are verified, corrected as necessary, and consolidated by the Budget Division for presentation to the County Administrator. The County Administrator then reviews and recommends base and supplemental requests to the Board of Supervisors (usually in the month of April or May). Following receipt and public discussion of this *Recommended Budget*, the Board of Supervisors, on or before the third Monday in July, adopts a *Tentative Budget* which sets a ceiling on expenditures that may be incurred for the County as a whole. The final step in the process is a public hearing and special Board meeting, where the *Final Budget* is adopted as required by Arizona Revised Statutes. Unless the budget process is accelerated, this special meeting is customarily held on the first Monday in August, for the adoption of the budget covering the fiscal year that began July 1.

Capital Improvement Budget

On an annual basis, the County Administrator's office prepares a five-year Capital Improvement Plan (CIP) and a one-year Capital Improvement Budget (CIB). A summary of capital improvement projects for fiscal year 2011/12-2015/16 and beyond is provided in the Capital Improvement Program section, and a capital improvement program overview is provided in the Budget Overview section.

Preparation and Approval Timetable

A timetable for the budget preparation and approval processes for fiscal year 2011/12 is provided below.

October 1, 2010	Financial Planning System (the budget system), released for early budgeting, year end projections and zero based budgeting
November 2, 3, 4 2010	Budget training for department representatives
November 2, 2010	Base target budgets, assumptions, and other information are distributed to departments
November 2, 2010	Budget Guide and FPS Users Manual posted on the County website
December 15, 2010	Initial General Government Revenue Forecast
February 8, 2011	Budgets due to the Budget Division from departments
February 18, 2011	County Administrator department meetings regarding CIP budgets
March 22, 2011	County Administrator meets with County Budget Division staff
March 22 – April 22, 2011	County Administrator gives direction to the Budget Division
April 29, 2011	County Administrator submits Recommended Budget to the Board
May 3, 2011	General Fund department carry forward requests due
May 17, 2011	Board of Supervisors Recommended Budget public hearings
May 17, 2011	Board of Supervisors Tentative Budget adoption
June 21, 2011	Board of Supervisors Final Budget adoption
August 15, 2011	Board of Supervisors adoption of the Levy of Taxes

PIMA COUNTY ORGANIZATIONAL CHART

