

BUDGET OVERVIEW

Financial Structure

Consolidated Overview of the County Budget by Fund

Total County Budget by Source and Use

Revenues & Expenditures for Fiscal Years 2011/2012 Through 2013/2014

Budget in Brief Fiscal Year 2013/2014

Adopted Full Time Equivalent Positions for Fiscal Years 2011/2012 Through 2013/2014

Pima County Capital Improvement Program Overview

FINANCIAL STRUCTURE

Accounting policies: The Pima County accounting policies are guided by the State of Arizona Auditor General through the *Uniform Accounting Manual for Arizona Counties*. The policies conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) and provide a consistent basis for presenting financial information of the County.

Fund accounting: The financial transactions of the County are recorded in individual funds, each of which is considered a separate fiscal entity. Each fund is accounted for with a separate set of *self-balancing* accounts that comprise its assets, liabilities, net assets, revenues, and expenditures or expenses, as appropriate.

The various funds and subsidiary ledgers are classified by category and type as follows:

Fund Type	Description	Funding Source
GOVERNMENTAL FUNDS	Governmental funds use the modified accrual basis of accounting, a current financial resource measurement focus. Governmental Funds are comprised of the following:	
General Fund	The General Fund is the County's principal financing vehicle for general government operations and for resources that are not required to be accounted for in another fund.	Funded largely by primary property tax revenue and state shared sales tax revenue.
Special Revenue Funds	Account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special Revenue Funds include the following:	
	<ul style="list-style-type: none"> • <u>Economic Development & Tourism</u> – Accounts for resources used to promote business and job development and business retention in Pima County and the state of Arizona for the purpose of enhancing the economic welfare of the inhabitants of the County. 	Transient lodging excise (hotel/motel) tax revenues.
	<ul style="list-style-type: none"> • <u>Employment & Training</u> - Accounts for resources controlled by the County as a prime sponsor under the Workforce Investment Act of 1998, superseding the Jobs Training Partnership Act. Also includes Youth Opportunity (YO) grant, Pima Vocational High School, and many other grants. 	Primarily Federal Government revenue.
	<ul style="list-style-type: none"> • <u>Environmental Quality</u> - Accounts for resources specifically identified to be expended for the protection of water, air, and land from pollutants. 	Air quality inspection and application fees; revenues from alternate onsite disposal plans; and federal and state grants.
	<ul style="list-style-type: none"> • <u>Library District</u> – Accounts for resources used for the management and operation of the Pima County Free Library District. 	Secondary property tax revenue.
	<ul style="list-style-type: none"> • <u>Health</u> - Accounts for resources used to finance activities involved in the conservation and improvement of public health, and various animal control functions. 	Federal and state grants; charges for services provided; and operating transfers from the General Fund.

Pima County FY 2013/2014 Adopted Budget

Fund Type	Description	Funding Source
GOVERNMENTAL FUNDS (cont'd)		
Special Revenue Funds (cont'd)		
	<ul style="list-style-type: none"> • <u>Regional Flood Control District</u> - Accounts for expenditures necessary to analyze, design, and maintain flood control improvements to protect persons and property from floodwaters. 	Secondary property tax revenue.
	<ul style="list-style-type: none"> • <u>School Reserve Fund</u> – Accounts for resources specifically identified to be expended for education programs in the Pima County Accommodation District and specialized educational programs that extend outside the boundaries of individual school districts. 	Federal and state grants; private donations; Arizona Department of Education.
	<ul style="list-style-type: none"> • <u>Solid Waste Fund</u> – Accounts for resources used to provide solid waste disposal facilities and services and tire recycling services. 	Landfill tipping fees; County share of state tax on new tire sales.
	<ul style="list-style-type: none"> • <u>Stadium District</u> – Accounts for resources specifically identified to be expended for the management and operation of Kino Stadium. 	Car rental surcharge fees; recreational vehicle surcharge fees; hotel/motel bed taxes; and charges for services provided for special events.
	<ul style="list-style-type: none"> • <u>Transportation</u> - Accounts for administrative and operating costs expended for highways and streets, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. 	County share of gasoline tax collected by state Highway User revenues; Vehicle License Tax revenues; and charges for services.
	<ul style="list-style-type: none"> • <u>Other Special Revenue Funds</u> - Account for resources to be expended for various other programs of the County, including various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. 	Federal and state grants. Antiracketeering funding is provided by court ordered forfeitures, diversion fees, and restitution payments.
Debt Service Fund	Accounts for the accumulation of resources for, and the payment of, long term debt principal and interest applicable to Governmental Funds. This fund manages the debt for Transportation bonds and loans, Certificates of Participation, and General Obligation bonds.	Secondary tax levy on real and personal property; transfers of Vehicle License Tax revenues and Highway User revenues from the Transportation Special Revenue Fund for the payment of Transportation bonds and loans; transfers for payment of Certificates of Participation.

Fund Type	Description	Funding Source
GOVERNMENTAL FUNDS (cont'd)		
Capital Projects Fund	Accounts for financial resources to be used for the acquisition or construction of major capital assets, including land, buildings, roads and streets, drainage ways, libraries, and parks (other than those financed by Proprietary Funds).	Bond sale proceeds; federal and state grants; transfers of Vehicle License Tax revenues and Highway User revenues from the Transportation Special Revenue Fund; transfers of Regional Flood Control District and Library District monies; reimbursements associated with specific capital projects and from other governments.
PROPRIETARY FUNDS	Proprietary funds are used to account for Pima County's business-type activities. These funds use the economic resources measurement focus and accrual basis of accounting. This measurement focus provides for the short term and long term recognition of revenues and expenses. Proprietary Funds are comprised of:	
Enterprise Funds	Account for operations that are financed and operated in a manner similar to private business enterprises. Enterprise funds within Pima County include the following:	
	<ul style="list-style-type: none"> • <u>Development Services</u> - Accounts for the operations that provide zoning permits, enforce ordinances, and administer uniform building codes. 	License and permit fees for plan examinations and zoning; penalties related to the issuance of building, plumbing, mechanical, electrical and mobile home permits; and charges for services such as plan checks and subdivision coordination.
	<ul style="list-style-type: none"> • <u>Parking Garages</u> - Accounts for the management and operation of eight parking facilities located in downtown Tucson. 	Parking fees from six public parking garages and two parking lots owned by Pima County.
	<ul style="list-style-type: none"> • <u>Regional Wastewater Reclamation</u>- Accounts for the management and operation of wastewater treatment and water pollution control facilities. 	Sewer user, sewer connection, and sanitation fees.

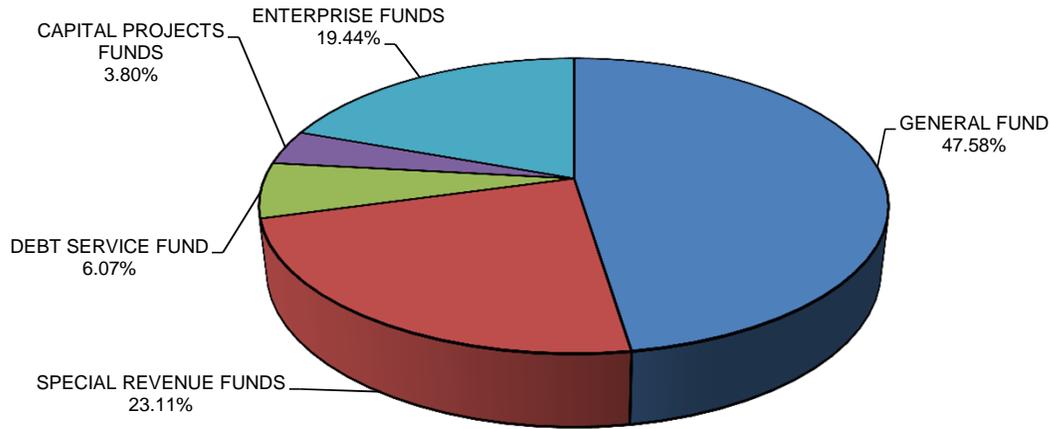
Fund Type	Description	Funding Source
Internal Service Funds	Account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. Internal Service funds include the following:	
	<ul style="list-style-type: none"> • <u>Self Insurance Trust Fund</u> - Accounts for the risk management function of the County. The fund is administered by the Board of Supervisors and an appointed board of trustees, and provides self insurance for medical malpractice, workers compensation, unemployment, general liability, property damage, environmental damage, and employee dental benefits. It also provides coverage for certain types of litigation. 	Financed by charges to specific user departments and to the General Fund.
	<ul style="list-style-type: none"> • <u>Health Benefits Trust</u> – Accounts for a new self-insured plan that provides employees and their families with comprehensive and affordable benefits options for healthcare (medical, pharmacy, and dental), life and other health-related insurances, and wellness and employee assistance programs. The fund is administered by the Board of Supervisors and an appointed board of trustees. (The function was previously a purchased insurance plan and was administered through an agency fund.) 	Financed by employee payroll deductions and charges to specific user departments for participating employees, and payments received from former employees for COBRA premiums.
	<ul style="list-style-type: none"> • <u>Other Internal Service Funds</u> - Account for the acquisition, operation, and maintenance of automotive and telecommunications equipment used by County departments and for printing services provided to County departments. 	Financed by fees and reimbursements charged to user departments.
FIDUCIARY FUNDS	Fiduciary funds do not include resources belonging to Pima County; therefore, they are not part of the County’s budgeting process. The County does, however, have custodial responsibility for these funds and reports them in its Comprehensive Annual Financial Report.	
Agency Funds	Account for cash and investments held by the County on behalf of various fire districts, cities and towns, individuals, the state and other agencies. Also included are clearing funds for payroll and property taxes.	
Investment Trust Fund	Accounts for cash and investments held by the County on behalf of various school districts.	

SUBSIDIARY LEDGERS

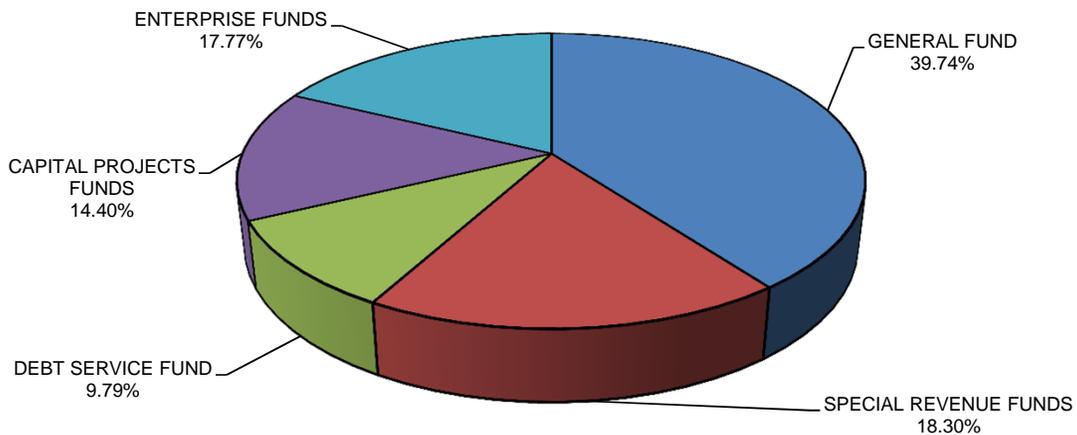
It should be noted that balances from the former General Fixed Asset Account Group and the General Long Term Debt Account Group are now considered subsidiary ledgers and are reported within the County’s government-wide financial statements, as required by GASB 34.

CONSOLIDATED OVERVIEW OF COUNTY BUDGET BY FUND

REVENUES BY FUND



EXPENDITURES BY FUND

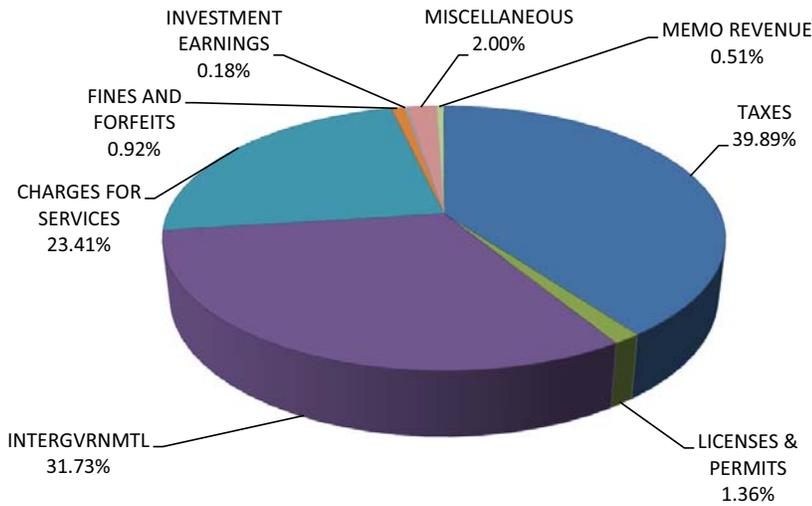


FUNDING SOURCES	EST. BEGINNING FUND BALANCE 2013/2014	ADOPTED REVENUES 2013/2014	ADOPTED EXPENDITURES 2013/2014	OTHER FINANCING SOURCES 2013/2014	INTERFUND TRANSFERS IN / (OUT)	ESTIMATED ENDING FUND BALANCE
GENERAL FUND	44,056,613	467,420,706	(503,524,831)	-	(7,952,488)	-
SPECIAL REVENUE FUNDS	92,457,661	227,024,490	(231,817,365)	-	(65,958,444)	21,706,342
DEBT SERVICE FUND	36,000,489	59,611,817	(124,043,471)	-	64,072,901	35,641,736
CAPITAL PROJECTS FUNDS	74,380,722	37,372,695	(182,441,811)	94,000,000	49,169,468	72,481,074
ENTERPRISE FUNDS	174,770,393	190,993,523	(225,072,139)	70,000,000	(38,272,595)	172,419,182

Note: Enterprise Fund amounts do not include the impact of the Regional Wastewater Reclamation Capital Improvement Program totaling 113,094,448.
 Note: The above charts do not include Internal Service Funds.

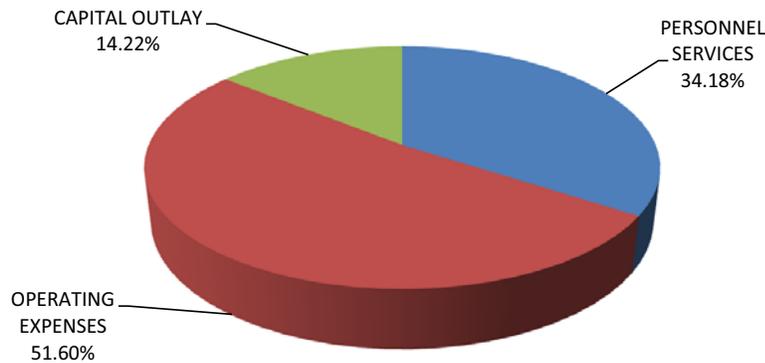
TOTAL COUNTY BUDGET BY SOURCE AND USE

REVENUES



REVENUES	FY 2011/2012 ACTUAL	FY 2012/2013 ADOPTED	FY 2013/2014 ADOPTED
TAXES	407,324,920	390,915,887	391,923,476
SPECIAL ASSESSMENTS	245,020	-	-
LICENSES & PERMITS	13,493,662	12,468,981	13,312,371
INTERGOVERNMENTAL	328,264,508	327,071,943	311,726,615
CHARGES FOR SERVICES	274,284,737	221,882,131	230,001,883
FINES AND FORFEITS	10,744,402	7,008,556	9,084,860
INVESTMENT EARNINGS	3,111,867	2,300,321	1,731,949
MISCELLANEOUS	29,207,407	21,636,555	19,642,077
MEMO REVENUE	4,991,727	7,045,000	5,000,000
	1,071,668,250	990,329,374	982,423,231

EXPENDITURES



EXPENDITURES	FY 2011/2012 ACTUAL	FY 2012/2013 ADOPTED	FY 2013/2014 ADOPTED
PERSONNEL SERVICES	409,129,637	419,687,283	433,074,038
OPERATING EXPENSES	581,455,599	591,987,525	653,668,902
CAPITAL OUTLAY	149,124,615	221,821,633	180,156,677
	1,139,709,851	1,233,496,441	1,266,899,617

Note: The above charts do not include Internal Service Funds.

**REVENUES & EXPENDITURES
FISCAL YEARS 2011/2012 - 2013/2014**

	FY 2011/2012 Actual	FY 2012/2013 Adopted	Estimated FY 2012/2013	FY 2013/2014 Adopted
General Fund				
Revenue				
Taxes	291,646,744	280,910,688	281,955,000	285,500,195
Intergovernmental	127,029,138	126,332,705	130,299,812	131,772,411
Charges for Services	39,303,701	32,000,478	32,048,393	35,145,041
Licenses & Permits	2,699,499	2,515,000	2,746,500	2,785,670
Fines & Forfeits	5,213,090	5,779,310	5,774,317	5,779,310
Miscellaneous Revenue	12,648,062	6,181,326	7,595,043	6,228,020
Investment Earnings	620,684	183,854	528,491	210,059
Memo Revenue	1,608,293	-	-	-
Total	480,769,211	453,903,361	460,947,556	467,420,706
Expenditures				
Personnel Services	256,273,123	272,886,814	269,580,622	285,799,160
Operating Expenses	188,247,304	218,811,669	189,175,915	217,347,671
Capital Equipment > \$5,000	1,278,962	193,250	952,555	378,000
Total	445,799,389	491,891,733	459,709,092	503,524,831
Special Revenue				
Revenue				
Taxes	49,530,131	46,915,047	47,066,828	46,811,464
Special Assessments	245,020	-	-	-
Intergovernmental	155,725,440	157,495,605	158,063,104	146,091,835
Charges for Services	14,687,087	13,306,412	14,452,933	14,649,045
Licenses & Permits	5,459,036	5,035,381	4,912,112	5,325,701
Fines & Forfeits	5,035,856	1,204,984	1,227,271	3,283,550
Miscellaneous Revenue	12,578,496	10,837,706	12,221,269	10,232,801
Investment Earnings	725,482	533,301	778,334	630,094
Memo Revenue	330,120	-	-	-
Total	244,316,668	235,328,436	238,721,851	227,024,490
Expenditures				
Personnel Services	100,117,931	106,182,467	104,694,879	107,544,531
Operating Expenses	110,587,504	118,474,825	125,436,690	117,691,240
Capital Equipment > \$5,000	6,138,770	5,691,520	6,931,361	6,581,594
Total	216,844,205	230,348,812	237,062,930	231,817,365
Debt Service				
Revenue				
Taxes	66,148,045	63,090,152	63,025,000	59,611,817
Intergovernmental	11,166	-	5,903	-
Investment Earnings	242,234	-	157,333	-
Total	66,401,445	63,090,152	63,188,236	59,611,817
Expenditures				
Operating Expenses	33,018,518	-	-	-
Debt Service	104,318,708	112,966,351	113,524,168	124,043,471
Total	137,337,226	112,966,351	113,524,168	124,043,471

**REVENUES & EXPENDITURES
FISCAL YEARS 2011/2012 - 2013/2014**

	FY 2011/2012 Actual	FY 2012/2013 Adopted	Estimated FY 2012/2013	FY 2013/2014 Adopted
Capital Projects				
Revenue				
Intergovernmental	44,141,137	43,773,313	41,879,356	33,862,369
Charges for Services	3,079,584	2,541,905	3,019,682	2,376,867
Miscellaneous Revenue	564,659	1,638,500	2,624,956	1,133,459
Investment Earnings	698,489	-	483,977	-
Memo Revenue	-	102,500	-	-
Total	48,483,869	48,056,218	48,007,971	37,372,695
Expenditures				
Personnel Services	81,726	(1,950)	170,477,081	3,080
Capital Projects	149,529,564	224,129,376	28,164,953	182,438,731
Total	149,611,290	224,127,426	198,642,034	182,441,811
Enterprise				
Revenue				
Intergovernmental	1,357,627	-	-	-
Charges for Services	200,707,357	156,831,156	161,327,246	161,247,254
Licenses & Permits	5,335,127	4,918,600	-	5,201,000
Sewer Connection Fees	16,507,008	16,502,180	-	16,583,676
Fines & Forfeits	495,456	24,262	10,000	22,000
Miscellaneous Revenue	3,467,520	3,149,343	2,345,233	2,047,797
Investment Earnings	980,943	1,480,666	675,413	891,796
Memo Revenue	482,696	-	-	-
Capital Contributions	2,570,618	7,045,000	5,000,000	5,000,000
Total	231,904,352	189,951,207	174,687,814	190,993,523
Expenditures				
Personnel Services	52,656,857	40,619,952	40,551,003	39,727,267
Operating Expenses	81,810,545	40,923,701	40,819,684	45,925,121
Capital Equipment > \$5,000	544,120	2,307,743	2,283,806	31,790,766
Debt Service	18,864,048	59,655,820	54,664,230	62,657,098
Contra Assets	(364,869)	(2,307,743)	-	(2,282,054)
Depreciation Expense	36,647,120	32,962,646	44,868,559	47,253,941
Total	190,157,821	174,162,119	180,903,476	225,072,139
TOTAL REVENUE	1,071,793,038	990,329,374	1,140,636,721	982,423,231
TOTAL EXPENDITURES	1,139,749,931	1,233,496,441	1,189,841,700	1,266,899,617

Note: The above data does not include Internal Service Funds.

BUDGET IN BRIEF

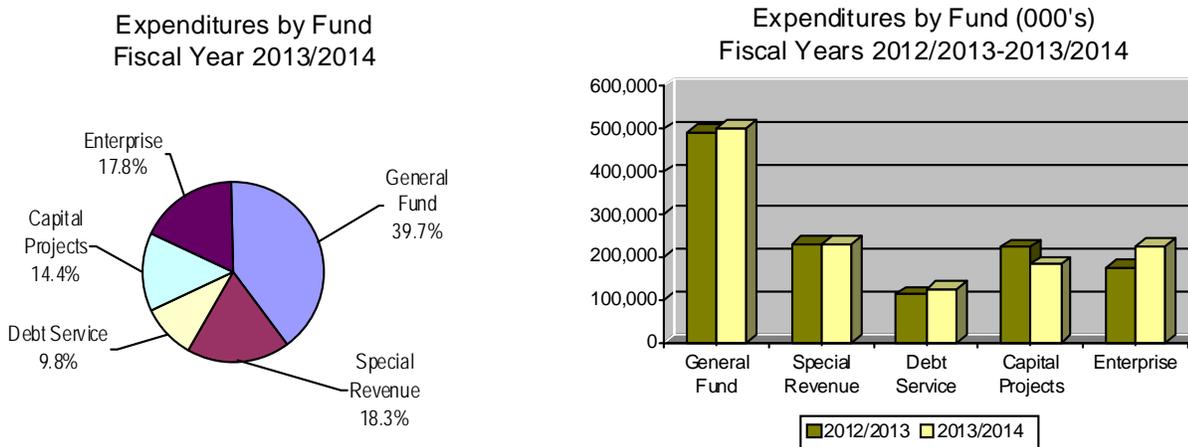
Arizona Revised Statute §42-17105 requires the Pima County Board of Supervisors to adopt a budget for each fiscal year. On June 18, 2013, the Board adopted the budget for fiscal year 2013/14, which covers the period from July 1, 2013 through June 30, 2014.

Pima County's Fiscal Year 2013/14 Adopted Budget includes:

- \$1.267 billion in expenditures
- \$982 million in revenues
- \$163.4 million in operating transfers between the various operating funds
- \$164.0 million total in debt issues including \$20.0 million in General Obligation bonds, \$16.0 million in Transportation bonds, \$58.0 million in Certificates of Participation, and \$70.0 million in Sewer Revenue Obligations

Graphic analyses of expenditures by fund and functional area are presented below:

Comparison of Expenditures by Fund



GENERAL FUND: The Fiscal Year 2013/14 Adopted Budget for General Fund expenditures increased by \$11.6 million over fiscal year 2012/13. Major factors contributing to this net increase include:

- \$4.7 million increase in medical insurance and retirement benefits costs
- \$4.5 million ongoing employee compensation adjustment of a 1% salary increase effective June 30, 2013 and a 2% salary increase effective December 29, 2013
- \$3.4 million increase in Information Technology for Geographic Information System (GIS) costs now charged to departments under the County's Central Cost Allocation Plan and additional maintenance and consulting costs
- \$3.5 million increase for a one time employee compensation adjustment in July, 2013
- \$2.9 million increase for the Sheriff department to maintain current service levels and increase officers' uniform allowance
- \$2.1 million increase in Motor Pool charges
- \$1.5 million increase in the County Attorney department to maintain current service levels
- \$1.3 million increase in maintenance and utilities costs of Natural Resources Parks & Recreation based on a mid-year analysis and adjustment in fiscal year 2012/13
- \$0.7 million increase for Facilities Maintenance due to new County buildings coming on line
- \$0.5 million reduction in General Fund support to Development Services
- \$0.7 million transfer of Human Resources costs to the Health Benefits Trust Fund
- \$1.2 million reduction in elections costs in the Recorder's office from the primary and general elections in 2012
- \$1.2 million reduction for the transfer of costs from Institutional Health to the Health Department special revenue fund as part of a reorganization of the Health Services functional area

General Fund - continued

- \$2.0 million reduction in elections costs in the Elections office from the primary and general elections in 2012
- \$7.1 million decrease in the General Fund budgeted reserve, shown as a contingent expenditure
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs, etc.

SPECIAL REVENUE FUNDS: The Fiscal Year 2013/14 Adopted Budget for Special Revenue Funds expenditures increased by \$1.5 million over fiscal year 2012/13. Major factors contributing to this net increase include:

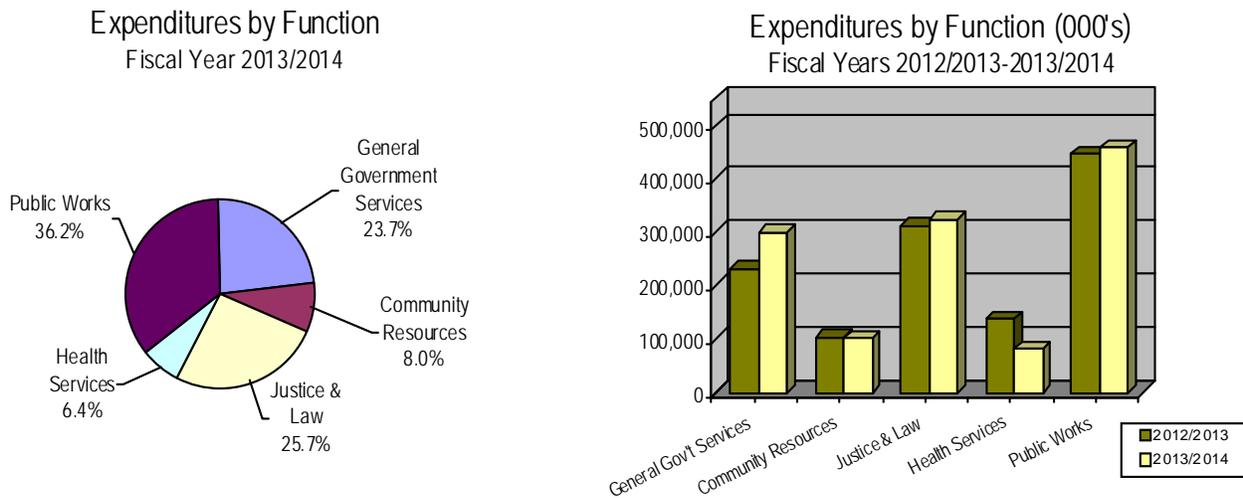
- \$3.7 million net increase in budgeted expenditures for many smaller special revenue funds such as Sheriff federal RICO \$500k, Natural Resources Parks & Recreation Special Programs \$756k, County Attorney Fill the Gap \$316k, Superior Court AOC appropriated funds \$503k, etc.
- \$2.2 million increase in Transportation resulting from higher HURF tax revenues as a result of improving economic conditions and a partial reversal of HURF shifts to the State
- \$1.9 million increase in Health department to correct an underfunded budget in fiscal year 2012/13 based on a mid year analysis and adjustment in 2012
- \$1.6 million increase in budgeted grants for the Office of Emergency Management & Homeland Security based on unanticipated grant awards in the previous year
- \$1.5 million increase in Pima Animal Care Center to correct an underfunded budget in fiscal year 2012/13 based on a mid year analysis and adjustment in 2012
- \$1.2 million increase in the County Free Library budget for expanded services and book expenses
- \$1.0 million increase in the Regional Flood Control District for additional maintenance and engineering costs
- \$1.9 million decrease in Sheriff grants offset by increased funding in the General Fund
- \$2.0 million decrease in County Attorney grants partially offset by increased funding in the General Fund
- \$2.8 million reduction to Community Services Employment & Training workforce grant funding
- \$5.2 million decrease in Community Development & Neighborhood Conservation grants due to the expiration of the Neighborhood Stabilization II (NSP II) program
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs, etc.

DEBT SERVICE FUND: The Fiscal Year 2013/14 Adopted Budget for Debt Service Fund expenditures increased \$11.1 million over fiscal year 2012/13. This increase is the net of retired debt and anticipated debt service costs related to bond and certificates of participation sales to be made in fiscal year 2013/14. *(See the Supplemental Information section – Long Term Debt.)*

CAPITAL PROJECTS FUND: The Fiscal Year 2013/14 Adopted Budget for the Capital Projects Fund expenditures decreased by \$41.7 million from fiscal year 2012/13, based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2013/14 to Fiscal Year 2017/18 Capital Improvement Plan. *(See the Capital Improvement Projects section - Summary of Active Capital Improvement Projects.)*

ENTERPRISE FUNDS: The Fiscal Year 2013/14 Adopted Budget for Enterprise Fund expenses increased by \$50.9 million over fiscal year 2012/13. The increase is attributable to Regional Wastewater Reclamation's decommissioning of its Randolph Park treatment facility and the resulting recognition of its book value as a cost, as well as increased depreciation associated with capital improvements at the Ina Road facility.

Comparison of Expenditures by Functional Area



GENERAL GOVERNMENT SERVICES: The Fiscal Year 2013/14 Adopted Budget for expenditures for the General Government Services functional area increased by \$68.2 million over fiscal year 2012/13. Major reasons for the net increase include:

- \$58.6 million increase in budgeted expenditures for the County’s mandated payments to the state for AHCCCS and ALTCS transferred to Finance & Risk Management from Institutional Health
- \$11.1 million increased debt service based on the net of retired debt and anticipated debt service costs related to bond and certificates of participation sales to be made in fiscal year 2013/14
- \$3.4 million increase in Information Technology for Geographic Information System (GIS) costs now charged to departments under the County’s Central Cost Allocation Plan and additional maintenance and consulting costs
- \$1.6 million increase in budgeted grants for the Office of Emergency Management as a result of unanticipated grant awards in fiscal year 2012/13
- \$1.5 million compensation adjustment comprised of a one time adjustment, a 1% salary increase effective June 30, 2013 and a 2% salary increase effective December 29, 2013
- \$1.2 million increase for from the transfer of Photo Traffic Enforcement from the Office of Court Appointed Counsel to Non Departmental
- \$0.7 million increase for additional funding for Facilities Maintenance due to new County buildings
- \$0.5 million increase in medical insurance and retirement costs
- \$1.2 million decrease in elections costs in the Recorder’s office from the primary and general elections in 2012
- \$2.0 million reduction in elections costs in the Elections office from the primary and general elections in 2012
- \$7.1 million decrease in the General Fund budgeted reserve, shown as a contingent expenditure
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

COMMUNITY RESOURCES: The Fiscal Year 2013/14 Adopted Budget for expenditures for the Community & Economic Development functional area decreased by \$2.8 million from fiscal year 2012/13. Major factors contributing to this net decrease are:

- \$5.2 million decrease in Community Development & Neighborhood Conservation grants due to the expiration of the Neighborhood Stabilization II (NSP II) program
- \$2.8 million reduction to Community Services Employment & Training workforce grant funding
- \$1.3 million in maintenance and utilities costs of Natural Resources Parks & Recreation based on a mid-year analysis and adjustment in fiscal year 2012/13
- \$700,000 increase in Parks Special Programs
- \$1.2 million increase in the County Free Library budget for expanded services and book expenses

Community Resources - continued

- \$500,000 million compensation adjustment comprised of a one time adjustment, a 1% salary increase effective June 30, 2013 and a 2% salary increase effective December 29, 2013
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

JUSTICE & LAW: The Fiscal Year 2013/14 Adopted Budget for the Justice & Law functional area increased by \$12.5 million over fiscal year 2012/13. This net increase is due primarily to:

- \$5.6 million increase for compensation adjustment comprised of a one time adjustment, a 1% salary increase effective June 30, 2013 and a 2% salary increase effective December 29, 2013
- \$3.9 million increase in medical insurance and retirement benefits costs
- \$2.9 million increase in the Sheriff department to maintain current service levels and increase officers' uniform allowance
- \$1.5 million increase in the County Attorney department to maintain current service levels
- \$1.2 million decrease from the transfer of Photo Traffic Enforcement from the Office of Court Appointed Counsel to Non Departmental
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

HEALTH SERVICES: The Fiscal Year 2013/14 Adopted Budget for the Health Services functional area decreased by \$56.7 million from fiscal year 2012/13. The main reasons for this net decrease include:

- \$58.6 million decrease in budgeted expenditures for the County's mandated payments to the state for AHCCCS and ALTCS transferred to Finance & Risk Management in General Government Services from Institutional Health
- \$0.7 million decrease in Public Health Grants
- \$1.9 million increase in Health department to correct an underfunded budget in fiscal year 2012/13 based on a mid year analysis and adjustment in 2012
- \$1.5 million increase in Pima Animal Care Center to correct an underfunded budget in fiscal year 2012/13 based on a mid year analysis and adjustment in 2012
- also includes other position related adjustments, benefits adjustments, adjustments for other one time costs, increased depreciation, etc.

PUBLIC WORKS: The Fiscal Year 2013/14 Adopted Budget for the Public Works functional area increased by a net \$12.2 million over fiscal year 2012/13. Significant changes include the following:

- \$50.6 million increase in Regional Wastewater Reclamation due to decommissioning of its Randolph Park treatment facility and the resulting recognition of its book value as a cost, as well as increased depreciation associated with capital improvements at the Ina Road facility
- \$2.1 million increase in Transportation from higher HURF tax revenues as a result of improving economic conditions
- \$1.0 million increase in the Regional Flood Control District for additional maintenance and engineering costs
- \$41.7 million decrease from fiscal year 2012/13 in CIP, based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2013/14 to Fiscal Year 2017/18 Capital Improvement Plan. (*See the Capital Improvement Projects section - Summary of Active Capital Improvement Projects.*)
- also includes other position related adjustments, benefits adjustments, adjustments for other one time costs, increased depreciation, etc.

Comparison of Revenues

Please refer to the *Revenue Sources* section for an analysis of significant revenue variances and trends.

Projected Net Changes in Fiscal Year End Fund Balances/Net Assets

The following is a discussion of changes in ending fund balances or net assets in fiscal year 2013/14:

General Fund

Due to a change in the method of budgeting for the ending fund balance implemented in fiscal year 2007/08, the adopted ending fund balance for the General Fund in future years will be zero. In fiscal year 2013/14, General Fund expenditures include \$22.8 million, an amount equal to the expected ending fund balance, to represent a General Fund Reserve in order for the County to be in compliance with state statute. Changes other than this reserve represent a net decrease of \$21.2 million from the beginning fund balance. Major factors contributing to this decrease are discussed under the Budget Issues Tab (pages 4-9 through 4-14).

Special Revenue Funds

The fiscal year 2013/14 adopted ending fund balance for all Special Revenue Funds is \$21.7 million, a net decrease of \$70.8 million from the budgeted beginning fund balance. Major factors contributing to this decrease include net reductions/increases in the various special revenue fund and grant fund balances reflecting increases or decreases in the 8 major and nearly 60 minor County funds due to restricted funds being spent on their specified services. These funds account for such diverse functions as Transportation, Regional Flood Control District, Health, Solid Waste Management, the County Free Library, Stadium District, Justice and Law Grants, etc.

Debt Service Fund

The fiscal year 2013/14 adopted ending fund balance for the Debt Service Fund is \$35.6 million, a net decrease of \$0.4 million from the budgeted beginning fund balance. Major activity for the year includes:

- \$6.1 million net increase in operating transfers in
- \$11.1 million increase in overall debt service payments which is the net of retired debt and anticipated debt service costs related to bond sales and the issuance of certificates of participation to be made in fiscal year 2013/14
- \$3.5 million decrease in property tax revenues

Capital Projects Fund

The fiscal year 2013/14 adopted ending fund balance for the Capital Projects Fund is \$72.5 million, a net decrease of \$1.9 million from the budgeted beginning fund balance as existing bond and non-bond funds are expended in the implementation of the approved current year Capital Improvement Budget, as detailed in the County's proposed fiscal year 2013/14 to 2017/18 Capital Improvement Plan. (See the *Capital Improvement Project section - Summary of Active Capital Improvement Projects*)

Enterprise Funds

The fiscal year 2013/14 adopted ending net assets for all Enterprise Funds is \$172.4 million, a net decrease of \$2.4 million from the budgeted beginning net assets. Major factors contributing to this decrease include:

- \$1.3 million decrease in Development Services' net assets. A contingency expenditure of \$1.0 million is budgeted for the department's operating deficit
- \$0.9 million decrease in Parking Garages budgeted net assets

Note that the ending net assets for Regional Wastewater Reclamation do not include the impact of Capital Improvement Projects planned for fiscal year 2013/14.

A summary table of beginning and ending fund balances/net assets for all funds is located on pages 8-2 through 8-5 of the Summary Schedules section.

**SUMMARY OF ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2011/2012 - 2013/2014**

Functional Area/Department	Adopted 2011/2012	Adopted 2012/2013	Adopted 2013/2014	2013/2014 vs 2012/2013
<u>General Government Services</u>				
Assessor	155.0	155.0	148.0	(7.0)
Board of Supervisors	23.4	23.7	23.3	(0.4)
Clerk of the Board	16.0	16.0	16.0	-
Communications Office	10.4	10.0	10.5	0.5
County Administrator	11.8	11.2	11.6	0.4
Elections	16.0	16.5	16.0	(0.5)
Facilities Management	168.0	169.0	170.0	1.0
Finance & Risk Management	234.2	231.2	232.1	0.9
Fleet Services	55.0	55.0	55.0	-
Human Resources	49.1	49.1	55.0	5.9
Information Technology	172.0	166.0	168.0	2.0
Office of Emergency Management & Homeland Security	11.6	17.7	11.2	(6.5)
Office of Sustainability and Conservation	11.5	13.9	15.0	1.1
Procurement	30.6	31.7	31.7	-
Recorder	45.0	47.0	47.0	-
Treasurer	38.5	38.5	38.5	-
Total General Government Services	1,048.1	1,051.5	1,048.9	(2.6)
<u>Community Resources</u>				
Community & Economic Development Administration	4.0	3.3	4.3	1.0
Community Development & Neighborhood Conservation	32.6	28.3	25.6	(2.7)
Community Services, Employment & Training	141.3	135.9	154.6	18.7
County Free Library	388.1	408.0	405.2	(2.8)
Economic Development & Tourism	3.0	4.0	4.0	-
Kino Sports Complex	15.8	7.0	7.0	-
Natural Resources, Parks & Recreation	230.2	243.0	249.2	6.2
School Superintendent	14.0	15.0	14.0	(1.0)
Stadium District	33.3	39.6	40.2	0.6
Total Community Resources	862.3	884.1	904.1	20.0

**SUMMARY OF ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2011/2012 - 2013/2014**

Functional Area/Department	Adopted 2011/2012	Adopted 2012/2013	Adopted 2013/2014	2013/2014 vs 2012/2013
<u>Justice & Law</u>				
Clerk of the Superior Court	212.0	214.1	218.0	3.9
Constables	13.0	13.0	13.0	-
County Attorney	467.9	485.9	479.0	(6.9)
Forensic Science Center	27.5	31.0	32.0	1.0
Justice Court Ajo	11.6	11.0	11.0	-
Justice Court Green Valley	11.5	11.0	11.0	-
Justice Court Tucson Consolidated	136.0	138.2	138.0	(0.2)
Juvenile Court	525.7	492.3	488.4	(3.9)
Legal Defender	43.0	42.5	43.5	1.0
Office of Court Appointed Counsel	21.1	36.5	36.5	-
Public Defender	163.7	163.9	164.1	0.2
Public Fiduciary	35.6	34.3	35.2	0.9
Sheriff	1,418.2	1,636.0	1,639.0	3.0
Superior Court	667.0	658.4	665.8	7.4
Total Justice & Law	3,753.8	3,968.1	3,974.5	6.4
<u>Health Services</u>				
Environmental Quality	36.0	36.8	37.2	0.4
Health	303.5	278.3	288.5	10.2
Institutional Health	30.3	30.5	-	(30.5)
Office of Medical Services	-	-	14.0	14.0
Pima Animal Care Center	77.9	79.0	79.0	-
Pima Health System & Services	256.5	-	-	-
Solid Waste	28.5	27.1	28.0	0.9
Total Health Services	732.7	451.7	446.7	(5.0)
<u>Public Works</u>				
Capital Projects	5.0	5.0	6.0	1.0
Development Services	65.1	62.2	61.0	(1.2)
Public Works Administration	23.0	22.0	22.0	-
Regional Flood Control District	67.3	65.0	65.0	-
Regional Wastewater Reclamation	511.8	506.5	494.8	(11.7)
Transportation	294.7	297.7	306.5	8.8
Total Public Works	966.9	958.4	955.3	(3.1)
TOTAL FUNCTIONAL AREAS	7,363.8	7,313.8	7,329.5	15.7

Note: Slight variances between the sum of Program FTEs and the Department total are due to rounding.

Pima County FY 2013/2014 Adopted Budget

Major net changes in Full Time Equivalent (FTE) positions from fiscal year 2012/13 to 2013/14 are explained in general below:

FTEs in General Government Services decreased by 2.6 or 0.3%. Major factors contributing to this net decrease include:

- 7.0 FTE decrease in Assessor due to elimination of vacant positions
- 6.5 FTE decrease in the Office of Emergency Management & Homeland Security primarily due to the decrease in Radio System Special Revenue Fund positions
- 5.9 FTE increase in Human Resource due to creation of a new self-insured Health Benefits Trust Internal Service Fund and a new HIPAA Compliance unit
- 2.0 FTE increase in Information Technology for the new Pima County Wireless Integrated Network System (PCWIN) in the Telecommunications Internal Service Fund
- 1.1 FTE increase in Office of Sustainability and Conservation primarily due to the transfer of 2.0 FTEs Environmental Analyst positions from Regional Wastewater Reclamation and transfer of 1.0 FTE Program Coordinator to Natural Resources Parks & Recreation
- 1.9 FTE net increase in various other General Government Services departments

FTEs in Community Resources increased by 20.0 or 2.3%. Major factors contributing to this net increase include:

- 18.7 FTE increase in Community Services, Employment & Training is the result of 12.7 FTEs that were inadvertently omitted in the fiscal year 2012/13 budget, 3 FTEs for youth and Adult Work Experience Program (AWEP) workers, 2 FTEs transferred from the Finance Department, and 1 FTE added for One-Stop Job Service
- 6.2 FTE increase in Natural Resources Parks & Recreation for new and expanded facilities
- 2.8 FTE decrease in County Free Library as a result of reorganization among library branches
- 2.7 FTE decrease in Community Development and Neighborhood Conservation due to decrease in grant funding
- 1.0 FTE increase in the Community & Economic Development Administration as the result of a program manager position transferred from Economic Development & Tourism
- 0.3 FTE decrease in various other Community Resources departments

FTEs in Justice & Law increased by 6.4 or 0.2%. Major factors contributing to this net increase include:

- 7.4 FTE increase in Superior Court due to increases in activity in various special revenue fund areas such as Conciliation, Fill the Gap, and Probation.
- 6.9 FTE decrease in County Attorney as a result of reorganization among County Attorney divisions.
- 3.9 FTE increase in Clerk of the Superior Court due to various mandated microfilm conversion projects.
- 3.9 FTE decrease in Juvenile Court which reflects the departments' effort to maintain their mission critical operations while reducing budgeted attrition.
- 3.0 FTE increase in Sheriff from additions associated with the new Pima County Wireless Integrated Network and new grants.
- 1.0 FTE increase in Forensic Science Center for an additional Pathology Assistant position to assist with increased workload.
- 2.0 FTE increase in various other Justice & Law departments

Pima County FY 2013/2014 Adopted Budget

FTEs in Health Services decreased by 5.0 or 1.1%. Major factors contributing to this net decrease include:

- 30.5 FTE decrease in Institutional Health following its reorganization transferring 14.0 FTEs to the newly formed Office of Medical Services and 15.0 FTEs to Health department with a net decrease of 1.5 FTEs in the reorganization
- 14.0 FTE increase in Office of Medical Services transferred from Institutional Health as described above
- 10.2 FTE net increase in Health from the transfer of FTEs from Institutional Health, offset by a net decrease in Health Grants and Health department operations of 4.8 FTEs
- 1.3 FTE increase in various other Health Services departments

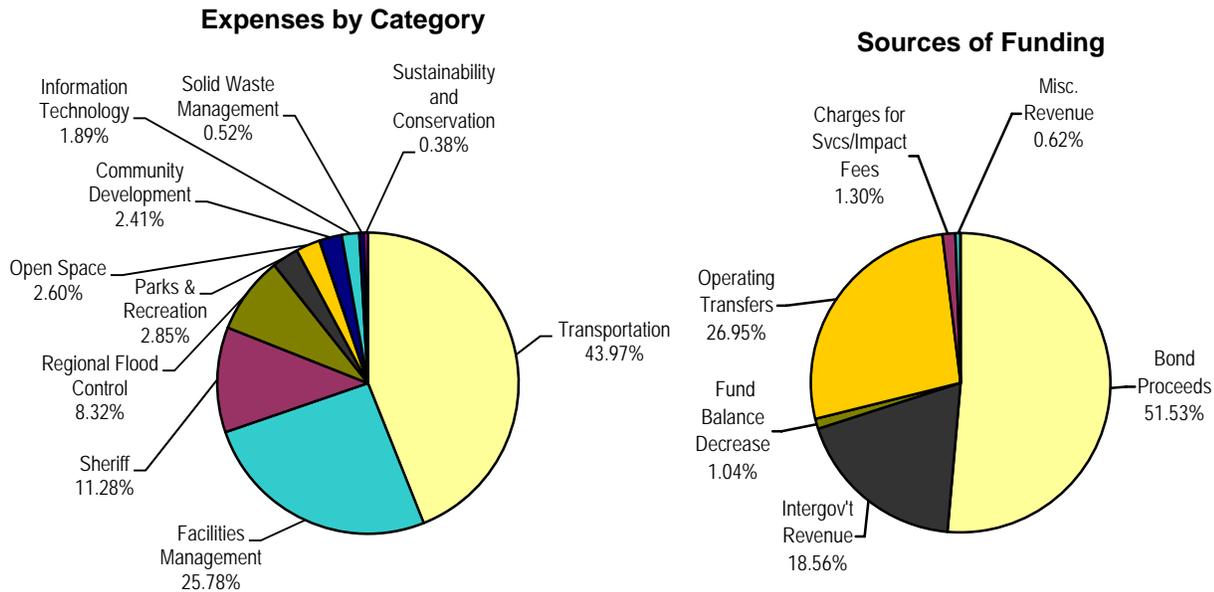
FTEs in Public Works decreased by 3.1 or 0.3%. Major factors contributing to this net increase include:

- 11.7 FTE decrease in Regional Wastewater Reclamation due to the elimination of 12.0 FTEs for the decommissioning of the Roger Road plant and a reassessment of existing positions
- 8.8 FTE increase in Transportation due to the increased commitment and funding of the Pavement Preservation Program
- 1.2 FTE decrease in Development Services due to the a Civil Engineering Manager position was not funded
- 1.0 FTE increase in Capital Projects due to the transfer of a Program Coordinator from Regional Wastewater Reclamation Department

PIMA COUNTY CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The following charts provide summary information for Pima County’s fiscal year 2013/14 adopted expenditures, revenues, and other funding sources for all Capital Projects Fund projects.

Pima County FY 2013/14 Capital Projects Fund¹



Expenses by Category

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
Project Management Office **	3,080
Total	\$182,441,811

Sources of Funding

Other Funding: Bond Proceeds	\$94,000,000
Intergovernmental Revenue	33,862,369
Other Funding: Fund Balance Decrease	1,899,648
Other Funding: Operating Transfers	49,169,468
Charges for Services/Impact Fees	2,376,867
Miscellaneous Revenue	1,133,459
Total	\$182,441,811

** Adopted Budget Fiscal Year 2013/14 Capital Projects amount above of \$182,441,811 includes \$3,080 of benefit adjustments for Public Works Project Management Office Employees currently included in the Capital Projects department total but is not included in the above pie chart representing the departmental projects.

¹ Capital Projects Fund only; does not include enterprise and internal services projects. Refer to the *Summary of Active Capital Improvement Projects* for a complete list of all projects, including enterprise and internal services projects and related expenditures.

This page intentionally left blank.