

BUDGET OVERVIEW

Financial Structure

Consolidated Overview of the County Budget by Fund

Total County Budget by Source and Use

Expenditures & Revenues for Fiscal Years 2002/03 Through 2004/05

Budget in Brief Fiscal Year 2004/05

Full Time Equivalent Positions

Capital Improvement Program

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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 account groups are classified by category and type as follows:

GOVERNMENTAL FUNDS

Governmental Funds are referred to as “expendable funds” because the measurement focus is based upon the flow of current financial resources rather than the measurement of net profit. Governmental Funds are comprised of the following:

General Fund - Accounts for resources which are not required to be accounted for in another fund. The General Fund is the County’s principal financing vehicle for general government services and is 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:

Employment & Training - Accounts for resources controlled by the County as a prime sponsor under the Workforce Investment Act of 1998 that superseded the Jobs Training Partnership Act. Funding is primarily provided by the Federal Government.

Environmental Quality - Accounts for resources specifically identified to be expended for the protection of water, air, and land from pollutants. The most significant revenue sources are air quality inspection and application fees, revenues derived from alternate onsite disposal plans, and funding provided by federal and state grants.

Flood Control District - Accounts for expenditures necessary to analyze, design, and maintain flood control improvements to protect persons and property from floodwaters. Revenues are primarily provided by secondary taxes on real property.

Public Health - Accounts for resources used to finance activities involved in the conservation and improvement of public health, emergency management/homeland security, and various animal control functions. Major sources of funding include federal and state grants and charges for services provided.

Transportation - Accounts for administrative and operating costs, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. Financing is provided primarily from the County’s share of gasoline tax collected by the state Highway User revenues, Vehicle License Tax revenues, and charges for services.

Other Special Revenue Funds - Account for resources specifically identified to be expended for various other programs of the County. These include the Stadium District, various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. Funding for these programs is provided mostly by federal and state grants, with the exception of the Stadium District and antiracketeering programs. Stadium District funding is provided by the Transient Lodging Excise Tax, Recreational Vehicle Space Surcharge, car rental surcharges, gate receipts, and concession revenues. 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, general long term debt principal and interest applicable to Governmental Funds. This fund manages the debt for improvement districts, the Flood Control District, Transportation bonds, and General Obligation bonds. Revenues are derived primarily from a secondary tax levy on real and personal property. Other sources of financing include transfers of Highway User Revenues from the Transportation Special Revenue Fund for the payment of Transportation bonds, and transfers of secondary property tax revenue from the Flood Control District Special Revenue Fund for payment of Flood Control General Obligation bonds.

Capital Projects Fund - Accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). Financing sources are primarily from the proceeds from the sale of bonds, federal and state grants, and reimbursements associated with specific capital projects.

PROPRIETARY FUNDS

Proprietary funds are accounted for using the flow of economic resources measurement focus. This measurement focus accounts for all cost allocations (including depreciation) associated with the fund, similar to non-governmental business enterprises, and determines the net profit from operations. 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:

Parking Garages - Accounts for the management and operation of seven parking facilities located in downtown Tucson. Revenues are from the parking fees from five public parking garages and two parking lots owned by Pima County.

Medical Services - Accounts for provider health care services for Pima Health System & Services, which operates health plans for the Arizona Health Care Cost Containment System (AHCCCS) and long term care under the Arizona Long Term Care System (ALTCS). Revenue is primarily derived from capitation fees.

Development Services - Accounts for the operations which provide zoning permits, enforce ordinances, and administer uniform building codes. Revenues are derived primarily from 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.

Wastewater Management - Accounts for the management and operation of wastewater treatment and water pollution control facilities and all services related to solid waste management. Primary revenue sources are sewer user and connection fees and solid waste tipping fees.

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:

Self Insurance Trust Fund - Accounts for the risk management function of the County. The fund is administered by 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 acquires coverage for other risks. The fund is financed by charges to specific user departments and to the General Fund

Other Internal Service Funds - Account for the acquisition, operation, and maintenance of automotive and communications equipment used by County departments and for printing/graphic services provided to County departments. Other Internal Service funds are 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 for 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.

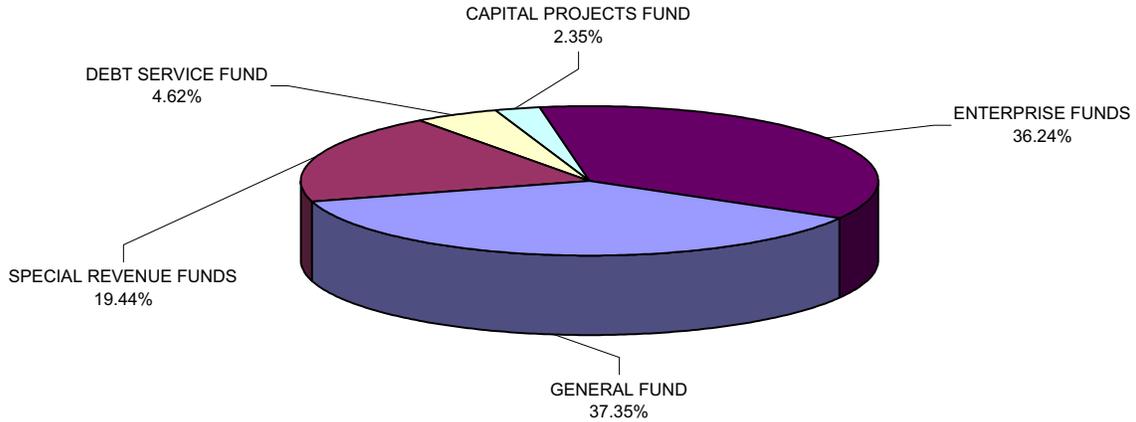
Investment Trust Fund - Accounts for cash and investments held by the County on behalf of various school districts.

ACCOUNT GROUPS

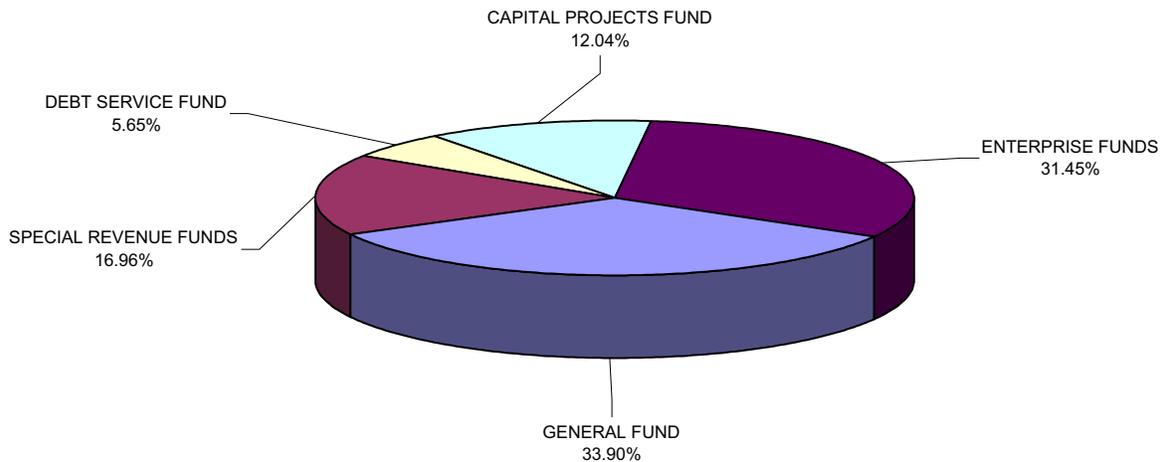
It should be noted that balances from General Fixed Assets and General Long Term Debt are reported in the Countywide audited financial statements, as required by GASB 34. While the account groups are still used for internal record keeping, they are no longer reported in the Comprehensive Annual Financial Report.

CONSOLIDATED OVERVIEW OF COUNTY BUDGET BY FUND

REVENUES BY FUND



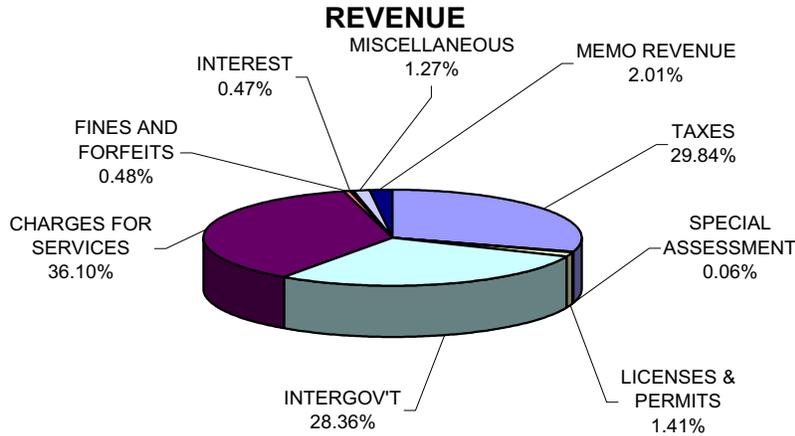
EXPENDITURES BY FUND



FUNDING SOURCES	EST. BEGINNING FUND BALANCE 2004/2005	ADOPTED REVENUE 2004/2005	ADOPTED EXPENDITURES 2004/2005	OTHER FINANCING SOURCES 2004/2005	INTERFUND TRANSFERS IN / (OUT)	ESTIMATED ENDING FUND BALANCE
GENERAL FUND	17,757,637	372,052,582	(372,102,629)	0	(4,707,590)	13,000,000
SPECIAL REVENUE FUNDS	28,862,539	193,648,189	(186,136,735)	0	(19,690,616)	16,683,377
DEBT SERVICE FUND	1,824,045	46,064,593	(62,048,033)	0	16,028,418	1,869,023
CAPITAL PROJECTS FUND	51,397,885	23,443,856	(132,118,337)	96,000,000	11,171,248	49,894,652
ENTERPRISE FUNDS	261,342	360,947,084	(345,315,812)	9,700,000	(3,000,000)	22,592,614

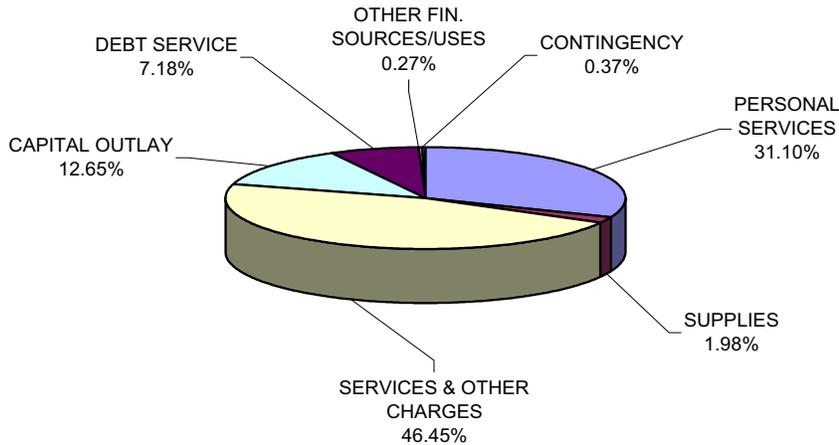
Note: The above Consolidated Overview by Fund does not include the Internal Service Funds.

TOTAL COUNTY BUDGET BY SOURCE AND USE



REVENUES	FY 2002/2003	FY 2003/2004	FY 2004/2005
	Actual	Revised	Adopted
TAXES	258,375,554	278,894,781	297,247,892
SPECIAL ASSESSMENT	1,023,145	563,704	606,177
LICENSES & PERMITS	11,686,120	13,438,051	14,081,967
INTERGOVERNMENTAL	246,467,952	275,455,234	282,494,659
CHARGES FOR SERVICES	311,225,388	359,172,667	359,598,054
FINES AND FORFEITS	5,123,633	4,543,329	4,815,887
INTEREST	5,891,892	9,545,872	4,643,489
MISCELLANEOUS	10,958,644	3,704,878	12,668,179
MEMO REVENUE	12,660,776	20,000,000	20,000,000
	863,413,104	965,318,516	996,156,304

EXPENDITURES



EXPENDITURES	FY 2002/2003	FY 2003/2004	FY 2004/2005
	Actual	Revised	Adopted
PERSONAL SERVICES	324,712,325	362,592,043	341,533,436
SUPPLIES	27,641,525	29,502,672	21,686,962
SERVICES & OTHER CHARGES	327,899,886	433,979,923	509,852,327
CAPITAL OUTLAY	165,496,710	114,250,785	138,907,180
DEBT SERVICE	64,195,726	77,560,109	78,793,996
OTHER FIN. SOURCES/USES	3,685,408	2,223,214	2,933,591
CONTINGENCY	0	7,017,719	4,014,054
	913,631,580	1,027,126,465	1,097,721,546

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

REVENUES & EXPENDITURES FISCAL YEARS 2002/2003 - 2004/2005

	ACTUAL 2002/2003	REVISED 2003/2004	ESTIMATED 2003/2004	BOARD 2004/2005
GENERAL FUND				
REVENUE				
TAXES	194,552,236	210,152,571	207,734,233	223,091,316
LICENSES & PERMITS	2,010,372	2,009,500	2,109,500	2,259,500
INTERGOVERNMENTAL	112,529,615	111,235,381	114,384,168	116,460,146
CHARGES FOR SERVICES	23,749,724	22,143,581	22,762,899	23,647,981
FINES AND FORFEITS	4,110,813	3,623,836	3,818,836	3,884,094
INTEREST	1,015,230	1,035,000	485,000	1,040,000
MISCELLANEOUS	2,884,495	2,361,727	2,535,113	1,669,545
TOTAL	340,852,485	352,561,596	353,829,749	372,052,582
EXPENDITURES				
PERSONAL SERVICES	169,353,235	184,497,701	176,911,423	198,755,786
SUPPLIES	8,850,461	8,757,133	9,245,455	9,310,870
SERVICES & OTHER CHARGES	124,669,989	129,402,174	130,233,976	157,014,741
CAPITAL OUTLAY	2,876,064	1,806,815	3,004,422	2,374,518
DEBT SERVICE	4,222	5,600	4,195	5,600
OTHER FIN. SOURCES/USES	3,162,615	2,556,578	3,303,762	2,764,060
CONTINGENCY	0	5,067,719	0	1,877,054
TOTAL	308,916,586	332,093,720	322,703,448	372,102,629
SPECIAL REVENUE FUNDS				
REVENUE				
TAXES	24,657,123	26,893,899	26,727,810	29,007,160
SPECIAL ASSESSMENT	723,161	0	0	0
LICENSES & PERMITS	4,076,826	4,671,212	4,162,886	4,355,286
INTERGOVERNMENTAL	125,819,691	139,372,642	136,320,954	141,025,068
CHARGES FOR SERVICES	7,453,592	8,030,883	8,651,247	8,618,680
FINES AND FORFEITS	936,435	806,705	845,075	872,993
INTEREST	1,418,520	1,078,172	843,624	663,322
MISCELLANEOUS	9,327,263	7,227,342	7,322,971	9,105,680
MEMO REVENUE	187,112	0	0	0
TOTAL	174,599,723	188,080,855	184,874,567	193,648,189
EXPENDITURES				
PERSONAL SERVICES	62,046,325	72,680,586	72,680,586	74,604,393
SUPPLIES	5,152,017	6,051,004	6,035,033	5,694,668
SERVICES & OTHER CHARGES	75,627,414	97,817,645	88,589,369	99,051,455
CAPITAL OUTLAY	6,283,570	5,819,219	7,360,525	4,479,688
DEBT SERVICE	340,974	1,908	399,414	0
OTHER FIN. SOURCES/USES	185,495	(333,364)	217,287	169,531
CONTINGENCY	0	1,950,000	0	2,137,000
TOTAL	149,635,795	183,739,609	175,282,216	186,136,735
DEBT SERVICE FUND				
REVENUE				
TAXES	39,166,195	41,848,311	41,773,311	45,149,416
SPECIAL ASSESSMENT	299,984	563,704	563,704	606,177
INTERGOVERNMENTAL	6,928	4,800	4,800	4,800
INTEREST	486,505	416,800	416,800	304,200
TOTAL	39,959,612	42,833,615	42,758,615	46,064,593
EXPENDITURES				
SERVICES & OTHER CHARGES	207	300	245	0
DEBT SERVICE	57,323,486	62,377,208	61,169,699	62,048,033
TOTAL	57,323,693	62,377,508	61,169,920	62,048,033

**REVENUES & EXPENDITURES
FISCAL YEARS 2002/2003 - 2004/2005**

	ACTUAL 2002/2003	REVISED 2003/2004	ESTIMATED 2003/2004	BOARD 2004/2005
CAPITAL PROJECTS FUNDS				
REVENUE				
INTERGOVERNMENTAL	4,642,120	19,038,552	15,912,590	18,887,581
CHARGES FOR SERVICES	3,682,652	3,140,130	3,140,130	2,492,520
INTEREST	1,242,315	6,000,000	4,958,013	2,000,000
MISCELLANEOUS	1,344,173	1,307,911	1,307,911	63,755
TOTAL	10,911,260	29,486,593	25,318,644	23,443,856
EXPENDITURES				
PERSONAL SERVICES	0	294,657	0	415,024
SUPPLIES	0	6,630	0	4,525
SERVICES & OTHER CHARGES	0	9,839	0	32,714
CAPITAL OUTLAY	97,309,889	105,865,862	81,058,975	131,666,074
TOTAL	97,309,889	106,176,988	81,058,975	132,118,337
ENTERPRISE FUNDS				
REVENUE				
LICENSES & PERMITS	5,598,922	6,757,339	7,440,515	7,467,181
INTERGOVERNMENTAL	3,469,598	5,803,859	5,191,708	6,117,064
CHARGES FOR SERVICES	276,339,420	325,858,073	306,551,390	324,838,873
FINES AND FORFEITS	76,385	112,788	71,697	58,800
INTEREST	1,729,322	1,015,900	783,789	635,967
MISCELLANEOUS	(2,597,287)	(7,192,102)	(6,660,997)	1,829,199
MEMO REVENUE	12,473,664	20,000,000	20,000,000	20,000,000
TOTAL	297,090,024	352,355,857	333,378,102	360,947,084
EXPENDITURES				
PERSONAL SERVICES	93,312,765	105,366,488	107,819,203	67,758,233
SUPPLIES	13,639,047	14,687,905	15,759,378	6,676,899
SERVICES & OTHER CHARGES	127,602,276	206,749,965	147,439,375	253,753,417
CAPITAL OUTLAY	59,027,187	758,889	68,203,576	386,900
DEBT SERVICE	6,527,044	15,175,393	7,541,741	16,740,363
OTHER FIN. SOURCES/USES	337,298	0	389,734	0
TOTAL	300,445,617	342,738,640	347,153,008	345,315,812
TOTAL REVENUES	863,413,104	965,318,516	940,159,677	996,156,304
TOTAL EXPENDITURES	913,631,580	1,027,126,465	987,367,567	1,097,721,546

Internal Service Funds - Information Purposes Only

INTERNAL SERVICE FUNDS

REVENUE				
INTERGOVERNMENTAL	95,297	41,000	100,033	39,800
CHARGES FOR SERVICES	28,691,832	30,408,366	30,117,827	31,450,070
INTEREST	730,294	872,000	766,590	542,500
MISCELLANEOUS	736,296	659,177	772,890	684,546
MEMO REVENUE	196,983	0	206,773	0
TOTAL	30,450,702	31,980,543	31,964,113	32,716,916
EXPENDITURES				
PERSONAL SERVICES	5,884,879	6,224,410	7,025,406	6,463,860
SUPPLIES	4,170,885	5,011,514	4,979,229	4,608,959
SERVICES & OTHER CHARGES	18,690,448	22,697,549	22,312,775	23,413,118
CAPITAL OUTLAY	127,584	125,765	152,311	38,549
TOTAL	28,873,796	34,059,238	34,469,720	34,524,486

BUDGET IN BRIEF

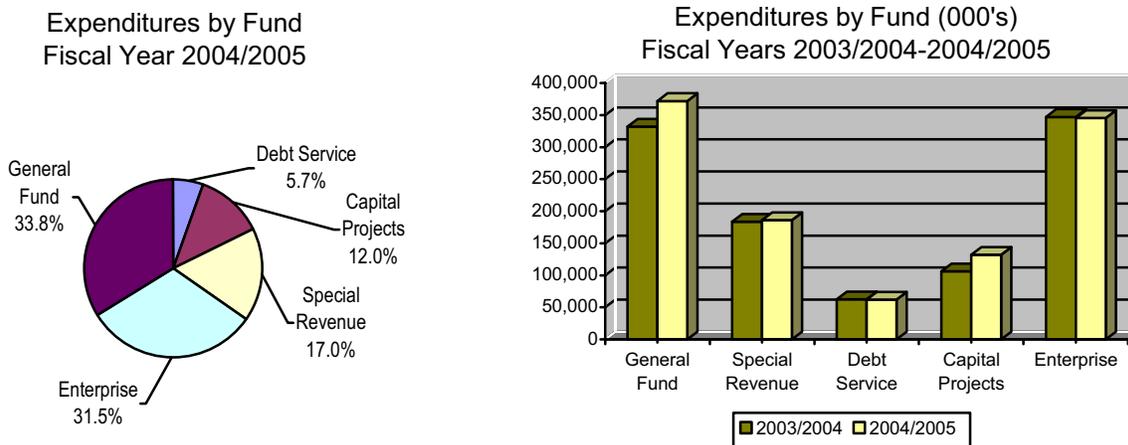
Arizona Revised Statute § 42-17105 requires the Pima County Board of Supervisors to adopt a budget for each fiscal year. On June 15, 2004, the Board adopted the budget for fiscal year 2004/05, which covers the period from July 1, 2004 through June 30, 2005.

Pima County's Fiscal Year 2004/05 Adopted Budget includes:

- \$1.098 billion in expenditures
- \$996.2 million in revenues
- \$42.3 million in operating transfers between the various operating funds
- \$105.7 million total in sales of General Obligation, Transportation, and Sewer Revenue bonds

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

Comparison of Expenditures by Fund



GENERAL FUND: The Fiscal Year 2004/05 Adopted Budget for General Fund expenditures increased by \$40.0 million over fiscal year 2003/04. Major factors contributing to this net increase include:

- \$24.8 million to fund the County's obligations under the newly adopted agreement with University Physicians, Inc. to operate Kino Community Hospital
- \$6.1 million in supplemental funding for individual departments including \$4.9 million to fully fund the new 500 bed Adult Detention Facility
- \$5.7 million increase in the Arizona Long Term Care System (ALTCS) payment to the State
- \$5.3 million for 2.5% salary increases effective August 8 and December 26, 2004 for qualified County employees and commissioned and corrections officers who are at the maximum step in a step plan; \$550,000 to fund a one step increase on their anniversary date for commissioned and corrections officers assigned to a step plan who have not reached their maximum step
- \$3.0 million for Kino Hospital employee transition costs
- \$2.5 million increase for the primary and general elections to be held in the fall of 2004 and a reduction of \$766,000 for the presidential preference primary election held in the spring of 2004
- \$972,000 funding for the annualization of Phase 1 of the opening of the new Adult Detention Facility
- \$968,000 of various increases identified for General Fund departments that underwent the zero base budget process
- \$2.0 million reduction in the Board of Supervisors' Unreserved Contingency Fund to return to its historic base amount
- \$8.0 million decrease for Title 36 behavioral health services
- also includes the annualization of fiscal year 2003/04 supplemental requests, other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

SPECIAL REVENUE FUNDS: The Fiscal Year 2004/05 Adopted Budget for Special Revenue Funds expenditures increased by \$2.4 million over fiscal year 2003/04. This net increase is due to:

- \$3.0 million increase in the Transportation Special Revenue Fund operating and maintenance budget reflecting additional grant funding, increases in various public transit costs, increased services provided to improvement districts and overall increased operations and maintenance related costs
- \$1.5 million increase for the establishment of the Neighborhood Conservation Fund
- \$700,000 increase for the Sheriff's Commissary Operations and Inmate Welfare Funds
- \$476,000 additional in the County Attorney special revenue funds due to increased expenses for both Law Enforcement Antiracketeering and the Bad Check Program
- \$548,000 increase in the Flood Control District associated with increased costs of maintaining District property and drainage ways
- \$319,000 net increase in County Free Library District expenses
- \$219,000 net decrease in Stadium District costs primarily due to reduced interest expenses
- \$939,000 net decrease in various Clerk of the Superior Court funds
- \$1.3 million decrease in the County Administration Special Programs Fund
- \$1.9 million net decrease in anticipated grant funds
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

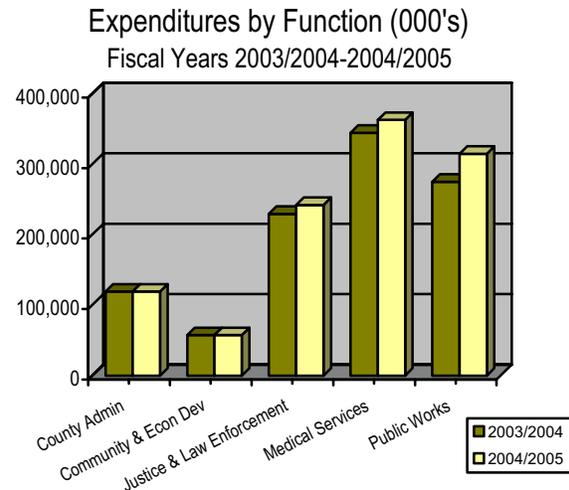
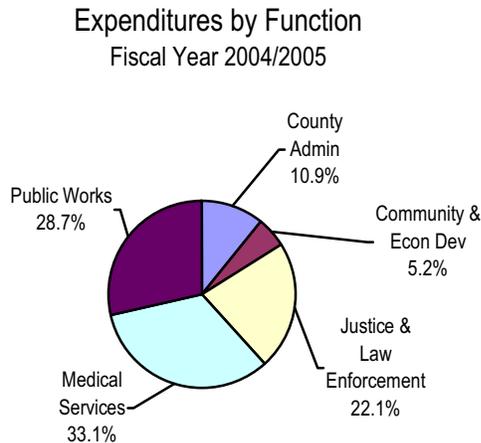
DEBT SERVICE FUND: The Fiscal Year 2004/05 Adopted Budget for Debt Service Fund expenditures decreased \$329,000 from fiscal year 2003/04. This decrease is the net of retired debt, anticipated full year of debt service costs related to bond sales made in fiscal year 2003/04 and debt service on anticipated bond sales made in fiscal year 2004/05.

CAPITAL PROJECTS FUND: The Fiscal Year 2004/05 Adopted Budget for the Capital Projects Fund expenditures increased by \$25.9 million over fiscal year 2003/04, based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2004/05 to 2008/09 Capital Improvement Plan. (*See the Summary Schedules section - Summary of Active Capital Improvement Projects.*)

ENTERPRISE FUNDS: The Fiscal Year 2004/05 Adopted Budget for Enterprise Fund expenditures decreased by \$1.9 million from fiscal year 2003/04. Significant changes include:

- \$46.0 million net increase in Pima Health System & Services due to increased premium tax costs, increases in the number of members covered under the Arizona Health Care Cost Containment System (AHCCCS) and Arizona Long Term Care System (ALTCS), and rising medical care costs
- \$3.0 million net increase in the Wastewater Management Enterprise Fund, relating to the expansion of the system, increased depreciation, etc. partially offset by decreases in the Solid Waste Management subfund
- \$558,000 increase in Development Services reflecting increased building activity in the County
- \$51.8 million net reduction to reflect the leasing of Kino Community Hospital to University Physicians, Inc. and the subsequent dissolution of the Kino Community Hospital and Eliminations enterprise funds
- also includes position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

Comparison of Expenditures by Functional Area



COUNTY ADMINISTRATION: The Fiscal Year 2004/05 Adopted Budget for expenditures for the County Administration functional area decreased by \$1.1 million from fiscal year 2003/04. Major reasons for the net decrease include:

- \$3.0 million increase for Kino Hospital employee transition costs
- \$2.5 million increase for the primary and general elections to be held in the fall of 2004 and a reduction of \$766,000 for the presidential preference primary election held in the spring of 2004
- \$989,000 net increase in Non Departmental costs primarily for higher self insurance costs and additional funding for the County's network infrastructure
- \$250,000 to develop and implement the County's Procurement Improvement Plan
- \$81,000 in supplemental funding for the Forensic Sciences Center for testing services
- fiscal year 2004/05 adopted budget for Debt Service Fund expenditures decreased \$329,000; the decrease is the net of retired debt, anticipated full year of debt service costs related to bond sales made in fiscal year 2003/04 and debt service on anticipated bond sales made in fiscal year 2004/05
- \$1.0 million decrease to reflect the transfer of the Housing Trust Fund to the Community and Economic Development Functional Area
- \$1.3 million decrease in the County Administration Special Programs Fund
- \$2.0 million reduction in the Board of Supervisors' Unreserved Contingency Fund to return to its historic base amount
- \$2.1 million decrease to reflect the transfer of the Office of Youth, Families and Neighborhood Reinvestment to the Community and Economic Development Functional Area
- also includes current year salary adjustments, other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

COMMUNITY & ECONOMIC DEVELOPMENT: The Fiscal Year 2004/05 Adopted Budget for expenditures for the Community & Economic Development functional area increased by \$13,000 over fiscal year 2003/04. Major factors contributing to this net increase are:

- \$2.1 million increase to reflect the transfer of the Office of Youth, Families and Neighborhood Reinvestment from the County Administrator's Office
- \$1.5 million increase for the establishment of the Neighborhood Conservation Fund
- \$1.0 million increase to reflect the transfer of the Housing Trust Fund from the County Administrator's Office
- \$319,000 net increase in County Free Library District expenses
- \$219,000 net decrease in Stadium District costs primarily due to reduced interest expenses
- \$1.7 million decrease in Community Services Grants due to moving \$2.0 million of funding for the Community Action Agency to Employment and Training partially offset by new grants

- \$2.9 million decrease in the Employment & Training Fund reflecting grant reductions partially offset by the transfer of Community Action Agency funding
- also includes current year salary adjustments, other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

JUSTICE & LAW ENFORCEMENT: The Fiscal Year 2004/05 Adopted Budget for the Justice & Law Enforcement functional area increased by \$13.6 million over fiscal year 2003/04. This net increase is due primarily to:

- \$5.1 million in supplemental funding for the Sheriff's Department including \$4.9 million to fully fund the new 500 bed Adult Detention Facility
- \$2.0 million increase in overall Justice and Law Enforcement grant funding
- \$972,000 increase for the annualization of Phase 1 of the opening of the new Adult Detention Facility
- \$700,000 increase for the Sheriff's, Commissary Operations and Inmate Welfare Funds
- \$684,000 additional for the annual cost of Attorney salary increases given in fiscal year 2003/04
- additional \$600,000 to the Superior Court to partially mitigate the loss of State probation funding
- \$476,000 additional in the County Attorney special revenue funds due to increased expenses for both Law Enforcement Antiracketeering and the Bad Check Program
- \$323,000 for the annual cost of the Two Times Per Day Initial Appearance Program
- \$186,000 to fund three new Constable Offices effective January 1, 2005
- \$939,000 net decrease in various Clerk of the Superior Court funds
- also includes annualization of fiscal year 2003/04 supplemental requests, current year salary adjustments, other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

MEDICAL SERVICES: The Fiscal Year 2004/05 Adopted Budget for the Medical Services functional area increased by \$18.3 million over fiscal year 2003/04. The main reasons for this net increase include:

- \$46.0 million net increase in Pima Health System & Services operating and grant funds due to increased premium tax costs, increases in the number of members covered under AHCCCS and ALTCS, and rising medical care costs
- \$24.8 million to fund the County's obligations under the newly adopted agreement with University Physicians, Inc. to operate Kino Community Hospital
- \$8.0 million decrease for Title 36 behavioral health services
- \$5.7 million increase in the Arizona Long Term Care System (ALTCS) payment to the state
- \$853,000 increase in Public Health related grants
- \$51.8 million net reduction to reflect the leasing of Kino Community Hospital to University Physicians, Inc. and the subsequent dissolution of the Kino Community Hospital and Eliminations enterprise funds
- also includes current year salary adjustments, other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

PUBLIC WORKS: The Fiscal Year 2004/05 Adopted Budget for the Public Works functional area increased by a net \$35.3 million over fiscal year 2003/04. Significant changes include the following:

- Capital Projects Fund expenditures increased by \$25.9 million, due to the implementation of the approved current year Capital Improvement Budget, as detailed in the County's proposed fiscal year 2004/05 to 2008/09 Capital Improvement Plan (*See the Summary Schedules section - Summary of Active Capital Improvement Projects*)
- \$3.0 million net increase in the Wastewater Management Enterprise Fund, relating to the expansion of the system, increased depreciation, etc. partially offset by decreases in the Solid Waste Management subfund
- \$3.0 million increase in the Transportation Special Revenue Fund operating and maintenance budget reflecting additional grant funding, increases in various public transit costs, increased services provided to improvement districts and overall increased operations and maintenance related costs

- \$558,000 increase in Development Services reflecting increased building activity in the County
- \$548,000 increase in the Flood Control District associated with increased costs of maintaining District property and drainage ways
- \$323,000 of supplemental funding for Natural Resources, Parks and Recreation
- \$452,000 of supplemental funding for Facilities Management
- also includes annualization of fiscal year 2003/04 supplemental requests, current year salary adjustments, other position related adjustments, benefits adjustments, adjustments for one time costs, etcetera

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 funds are projected to experience significant changes (10% or more) in ending fund balances or net assets in Fiscal Year 2004/05:

General Fund

The fiscal year 2004/05 adopted ending fund balance for the General Fund is \$13.0 million, a net decrease of \$4.8 million from the budgeted beginning fund balance. Major factors contributing to this decrease are discussed under the Budget Issues Tab (pages 4-9 thru 4-13).

Special Revenue Funds

The fiscal year 2004/05 adopted ending fund balance for all Special Revenue Funds is \$16.7 million, a net decrease of \$12.2 million from the budgeted beginning fund balance. Major factors contributing to this decrease include:

- \$4.8 million reduction in the Transportation Special Revenue Fund Balance reflecting higher operating and maintenance and debt service costs.
- \$6.5 million net reduction in various other special revenue fund and grant fund balances reflecting increases or decreases in nearly 60 minor County funds due to restricted funds being spent on their specified services. These funds account for such diverse functions as the County Free Library, Stadium District, Justice and Law Enforcement Grants, etc.

Enterprise Funds

The fiscal year 2004/05 adopted ending net assets for all Enterprise Funds is \$22.6 million, a net increase of \$22.3 million from the budgeted beginning net assets. Major factors contributing to this increase include:

- \$23.8 million increase in the Wastewater Management Enterprise Fund due to a combination of increases in sewer revenue and connection fees, reductions in landfill related operating and maintenance costs, and additional bond funds. Fiscal year 2004/05 beginning net assets were severely reduced by several emergency repairs to the system such as a major sewer line break and its subsequent replacement.
- \$1.5 million reduction in net assets of Pima County's Medical Services Enterprise Fund reflecting the difficulties in coping with increasing costs associated with the significant expansion of enrolled members in the County's health and long term care systems.

A summary table of beginning and ending fund balances/net assets for all funds is located on page 5-6 of this section.

**ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2002/2003 - 2004/2005**

FUNCTIONAL AREA/SUPER DEPARTMENT	ADOPTED 2002/2003	REVISED 2003/2004	ADOPTED 2004/2005	CHANGE
<u>COUNTY ADMINISTRATION</u>				
ASSESSOR	153.2	152.3	152.0	(0.3)
BOARD OF SUPERVISORS	22.8	24.1	22.9	(1.2)
CLERK OF THE BOARD	19.0	19.0	19.0	0.0
COUNTY ADMINISTRATOR	32.7	40.8	37.2	(3.6)
ELECTIONS	12.0	12.0	12.0	0.0
FINANCE	81.1	77.1	82.7	5.6
FORENSIC SCIENCE CENTER	23.5	24.0	24.0	0.0
HUMAN RESOURCES	42.9	43.0	44.0	1.0
INFORMATION TECHNOLOGY	46.1	69.5	69.5	0.0
NON DEPARTMENTAL	5.5	0.0	0.0	0.0
PROCUREMENT	26.0	28.0	30.0	2.0
RECORDER	51.9	41.0	64.0	23.0
TREASURER	46.0	44.0	44.0	0.0
TOTAL COUNTY ADMINISTRATION	562.7	574.8	601.3	26.5
<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>				
COMMUNITY & ECONOMIC DEVELOPMENT ADMIN	0.0	0.0	6.4	6.4
COMMUNITY DEVELOP & NEIGHBORHOOD CONSERV	25.5	25.6	18.3	(7.3)
COMMUNITY RESOURCES	53.8	109.5	84.0	(25.5)
COMMUNITY SVCS, EMPLOYMENT & TRAINING	184.4	185.5	144.5	(41.0)
COUNTY FREE LIBRARY	1.0	1.0	1.0	0.0
ECONOMIC DEVELOPMENT & TOURISM	0.0	0.0	2.0	2.0
SCHOOL SUPERINTENDENT	15.6	15.6	15.5	(0.1)
STADIUM DISTRICT	11.4	0.0	0.0	0.0
TOTAL COMMUNITY & ECONOMIC DEVELOPMENT	291.7	337.2	271.7	(65.5)
<u>JUSTICE & LAW ENFORCEMENT</u>				
CLERK OF SUPERIOR COURT	226.0	232.2	228.0	(4.2)
CONSTABLES	9.5	9.6	11.2	1.6
COUNTY ATTORNEY	393.2	393.2	395.2	2.0
INDIGENT DEFENSE	167.6	162.6	156.6	(6.0)
JUSTICE COURT AJO	8.8	8.8	8.8	0.0
JUSTICE COURT GREEN VALLEY	8.7	8.5	8.5	0.0
JUSTICE COURTS TUCSON	95.8	96.5	97.3	0.8
JUVENILE COURT	561.4	558.4	560.1	1.7
PUBLIC FIDUCIARY	33.5	33.5	33.5	0.0
SHERIFF	1,176.7	1,184.7	1,300.0	115.3
SUPERIOR COURT	672.7	637.1	630.7	(6.4)
TOTAL JUSTICE & LAW ENFORCEMENT	3,353.9	3,325.1	3,429.9	104.8

**ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2002/2003 - 2004/2005**

FUNCTIONAL AREA/SUPER DEPARTMENT	ADOPTED 2002/2003	REVISED 2003/2004	ADOPTED 2004/2005	CHANGE
<u>MEDICAL SERVICES</u>				
INSTITUTIONAL HEALTH	20.5	12.0	13.0	1.0
KINO COMMUNITY HOSPITAL	779.1	774.1	0.0	(774.1)
PIMA HEALTH SYSTEM & SERVICES	889.2	916.0	894.0	(22.0)
PUBLIC HEALTH	341.8	352.5	354.8	2.3
 TOTAL MEDICAL SERVICES	 <u>2,030.6</u>	 <u>2,054.6</u>	 <u>1,261.8</u>	 <u>(792.8)</u>
 <u>PUBLIC WORKS</u>				
CAPITAL PROJECTS	7.0	7.0	7.0	0.0
DEVELOPMENT SERVICES	157.0	158.5	161.5	3.0
ENVIRONMENTAL QUALITY	65.1	65.0	60.6	(4.4)
FACILITIES MANAGEMENT	116.0	116.0	142.9	26.9
FLOOD CONTROL DISTRICT	56.0	0.0	54.0	54.0
NATURAL RESOURCES, PARKS & RECREATION	249.3	213.7	227.5	13.8
PUBLIC WORKS ADMINISTRATION	29.0	30.7	32.7	2.0
SOLID WASTE MANAGEMENT	49.5	52.5	48.8	(3.7)
TRANSPORTATION	424.9	447.1	422.2	(24.9)
WASTEWATER MANAGEMENT	550.5	558.5	506.5	(52.0)
 TOTAL PUBLIC WORKS	 <u>1,704.3</u>	 <u>1,649.0</u>	 <u>1,663.7</u>	 <u>14.7</u>
 TOTAL FUNCTIONAL AREAS	 <u>7,943.2</u>	 <u>7,940.7</u>	 <u>7,228.4</u>	 <u>(712.3)</u>
 <u>INTERNAL SERVICE FUNDS -- INFORMATIONAL PURPOSES ONLY</u>				
 <u>INTERNAL SERVICE FUNDS</u>				
FLEET SERVICES	54.0	55.5	56.0	0.5
GRAPHIC SERVICES	28.7	24.0	25.0	1.0
COMMUNICATIONS	9.0	9.0	10.0	1.0
RISK MANAGEMENT	19.1	19.0	19.0	0.0
 TOTAL INTERNAL SERVICE FUNDS	 <u>110.8</u>	 <u>107.5</u>	 <u>110.0</u>	 <u>2.5</u>
 TOTAL ALL FUNDS	 <u>8,054.0</u>	 <u>8,048.2</u>	 <u>7,338.4</u>	 <u>(709.8)</u>

Changes in Full Time Equivalent positions from fiscal year 2003/04 to 2004/05 resulted from the following:

FTEs in County Administration increased by 27.5 or 4.56%. The increase was a net result of the Recorder's office increase of 23.0 FTEs for fiscal year 2004/05 primary and general elections as well as anticipated redistricting; the Board of Supervisors' decrease of 1.2 FTEs with District 2 decreasing by 1.0 and District 3 decreasing by .2; Human Resources redistributed several employees in its ZBB process with a net increase of 1.0 FTE; the Finance Department added 5.6 FTEs primarily transferred from Kino Hospital, although the costs of these employees are charged to other departments; the County Administrator decreased 3.6 FTEs, a net result of discontinuing some special programs while transferring in contract attorney administration from Indigent Defense; the Assessor had a decrease of .3 FTEs; Procurement added 2.0 FTEs due to increased service demands; and the Communications department increased by 1.0 FTE. Other departments in County Administration remained unchanged.

FTEs in Community & Economic Development (previously Community Resources functional area) decreased by 65.5 or 19.42%. The decrease was primarily due to changes resulting from the fiscal year 2004/05 reorganization, including a net decrease of 41.0 FTEs in Community Services, Employment & Training consisting of a reduction of 19.9 FTEs from decreased grant funding for the Youth Opportunity grant and the H1B Technical Skill grant, the transfer out of 17.7 FTEs from the Community Action Agency (CAA) to Pima Vocational High School, a decrease of 2.6 FTEs for positions partially funded in other Community & Economic Development functional area departments, and a decrease of .8 FTEs due to changes in funded hours for intermittent employees. A decrease of 25.5 FTEs in the Community Resources department is due to the net effect of the transfer of 43.2 FTEs from the after school and summer programs out to local area schools, offset by the transfer in to Pima Vocational High School of 17.7 FTEs from Community Services, Employment & Training. The Community Development & Neighborhood Conservation department, a new department resulting from the reorganization, decreased by a total of 7.3 FTEs. The decrease is attributed to the transfer out of 9.7 FTEs from the Community Action Agency (CAA) to Community Services, Employment & Training, a reduction of 4.2 FTEs due to decreases in hours funded to existing positions, a decrease of 2.6 FTEs due to changes in funded hours for intermittent employees, offset by the transfer in of 7.0 FTEs from County Administrator, the addition of 2.0 FTEs from Community Resources, and partial funding of .3 FTEs from Community Services, Employment & Training. School Superintendent decreased by .1 FTEs due to changes in funded hours for intermittent employees. Decreases in department FTEs were offset by increases to new departments formed as a result of the reorganization. Community & Economic Development Administration department added a total of 6.4 FTEs, the net effect of the transfer in of 3.0 FTEs from County Administrator, the addition of 2.3 FTEs from Community Services, and 1.1 FTEs from Community Resources; the Economic Development & Tourism department increased by 2.0 FTEs transferred in from County Administrator.

FTEs in Justice & Law Enforcement increased by 104.8 or 3.15%. The increase was the net result of an additional 111.3 FTEs for Sheriff General Fund positions for the new 500 bed jail facility and for increases in hours funded to existing positions of 4.0 FTEs; increases of 2.0 FTEs in County Attorney, 1.7 FTEs in Juvenile Court, and .8 FTEs in Justice Courts Tucson due to increases in funded hours to existing PCNs; an additional 3.1 courtroom clerks in the Clerk of the Superior Court due to increased service demands; the addition of 1.6 FTEs for new constables; and a reduction of 6.0 FTEs in Indigent Defense attributed to the transfer of Case Management positions to the Office of Revenue and Collections, and decreases in various special revenue fund departments of 7.3 FTEs for Clerk of the Superior Court and 6.4 FTEs for Superior Court. FTE changes include grant funded staff in various departments.

FTEs in Medical Services decreased by 792.8 or 38.59%. The decrease was the net result of the decrease in Kino Community Hospital 774.1 FTEs as a result of the County's contract with University Physicians, Inc. for the lease and operation of the hospital, decreases in Pima Health System and Services 22.0 FTEs primarily due to an effort to reduce expenses while still fulfilling contractual obligations, increases in Public Health 2.3 FTEs primarily due to increased service demands, and the increase in Institutional Health 1.0 FTE as the result of a position moved from Risk Management.

FTEs in Public Works increased by 16.2 or 0.94% primarily due to increased service demands in Fleet Services 0.5 FTE, Development Services 3.0 FTEs, Graphic Services 1.0 FTE, a net increase in Public Works Administration 2.0 FTEs resulting from the transfer in of the Cultural Resources office from Transportation and the County Administrator 4.0 FTEs and transfers out 2.0 FTEs, Natural Resources, Parks, & Recreation 13.8 FTEs from supplemental package funding for new facilities 2.2 FTEs and increases at existing facilities 11.6 FTEs as a result of the Zero Base Budget process, and Flood Control 54.0 FTEs transferred in from Transportation. The increase in Facilities Management 26.9 FTEs is the net result of the addition of new Jail positions 18.9 FTEs, the approval of two supplemental packages adding 7.0 FTEs in the Maintenance & Operations Division, and a position 1.0 FTE transferred in from Public Works Building. These increases were offset by decreased staffing in Environmental Quality 4.4 FTEs; a net decrease in Transportation of 24.9 FTEs resulting from the transfer out of the Flood Control personnel 54.0 FTEs partially offset by increased Summer Youth positions 18.8 FTEs and other adjustments 10.3 FTEs; Solid Waste Management 3.7 FTEs; and Wastewater Management 52.0 FTEs as a result of the Speedway sinkhole. (The transfer of personnel 54.0 FTEs from Transportation to the Flood Control District only affects hour and FTE calculations; the expenditures for personal services provided to the Flood Control District in fiscal year 2003/04 were budgeted in the Flood Control District.)

Note: Slight variances between Program and Department FTEs are due to the rounding of hours per FTE.

PIMA COUNTY CAPITAL IMPROVEMENT PROGRAM

Introduction

Pima County's Fiscal Year 2004/05 Adopted Budget for its Capital Improvement Program (CIP) consists of ten categories: Facilities Management; Transportation; Pima County Airport; the Flood Control District; Natural Resources, Parks & Recreation; Open Space; Cultural Resources; Neighborhood/Housing Conservation; Solid Waste Management; and Wastewater Management.

Distinct from the Capital Improvement Program (CIP), Pima County's Capital Projects Fund includes the approved projects for all categories except Wastewater Management. Because Wastewater Management is an Enterprise Fund, its projects are accounted for within the Wastewater Management operating fund, and expenditures are capitalized according to generally accepted accounting principles. Wastewater Management projects are included in the narrative section of this report, while the charts and tables address only the projects in the Capital Projects Fund.

This report provides an overview of Pima County's CIP for fiscal year 2004/05, summary data for projects that fall into the adopted Capital Projects Fund for fiscal year 2004/05, and summary operations and maintenance (O&M) data for fiscal year 2004/05.

Overview

In two special elections in 1997, Pima County voters approved \$711,980,000 in general obligation, sewer revenue, and Highway User Revenue Fund (HURF) revenue bonds. In preparation for these bond elections, the Board of Supervisors approved two Bond Implementation Plan ordinances (Ordinance Numbers 1997-35 and 1997-80) that identified specific projects and the extent of those projects, bond allocations and other funding allocations, and implementation schedules. In a special election in 2004, Pima County voters approved \$732,250,000 in general obligation and sewer revenue bonds. In preparation for this election, the Board of Supervisors approved Bond Implementation Plan Ordinance Number 2004-18. The Bond Implementation Plan ordinances provide a framework for the development of a CIP budget. New projects (i.e., those not included in the 1997 and 2004 bond elections) are added to the CIP budget as infrastructure needs dictate and as funding availability permits. No CIP projects are undertaken without full funding.

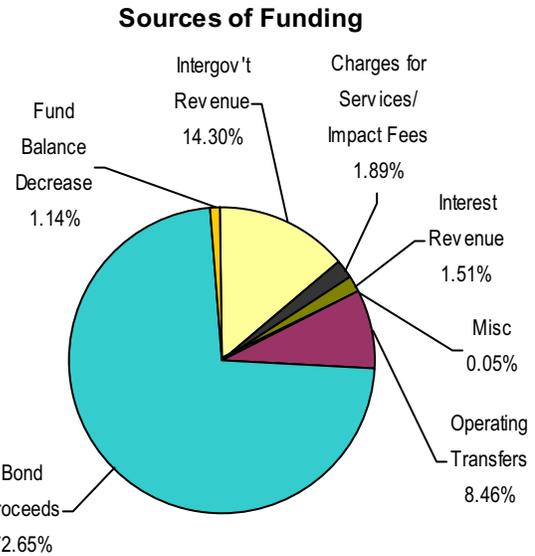
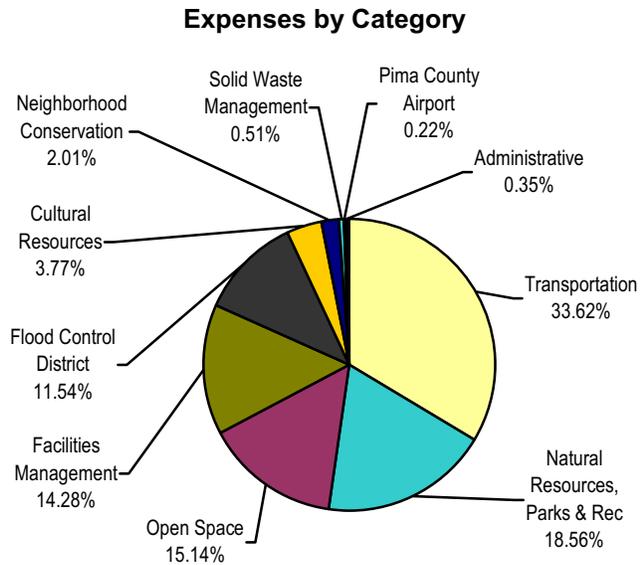
Transportation is the largest component of the budget for CIP in terms of expenditures. Natural Resources, Parks & Recreation is the next largest component of the County's CIP and has the largest number of projects. Open Space property acquisitions, although few in number, are the third largest expenditures component. Facilities Management (which manages projects related to County facilities, as well as capital improvements for the Sheriff Department, Superior Court, Medical Services, and Community & Economic Development) has the fourth largest CIP expenditure authorization. Two large projects account for more than half of the currently budgeted expenditures.

The Flood Control District has a number of projects being developed in cooperation with the Army Corps of Engineers, which typically funds from two-thirds to three-quarters of project costs. The magnitude of the public improvements associated with Flood Control District's portion of budgeted CIP is much larger than the figures indicate, as the expenditures in the CIP budget include only the County's local cost sharing responsibilities.

Taken together, the remaining categories of CIP comprise a small percentage of the County's overall budgeted CIP. Cultural Resources projects provide for acquisition and rehabilitation of historic structures and mitigation of archaeological resources. The Neighborhood/Housing Conservation Program funds infrastructure investments in high stress neighborhoods throughout the community. Solid Waste programs consist of environmental remediation projects and infrastructure expansion. Airport projects provide access road, taxiway, and other infrastructure improvements.

The following charts provide summary information for Pima County's fiscal year 2004/05 adopted expenditures, revenues, and other funding sources for all Capital Projects Fund projects.

Pima County FY 2004/05 Capital Projects Fund¹



Expenses by Category

Transportation	\$44,422,629
Natural Resources, Parks & Recreation	24,519,451
Open Space	20,000,000
Facilities Management	18,872,523
Flood Control District	15,247,400
Cultural Resources	4,980,803
Neighborhood Conservation	2,659,970
Solid Waste Management	665,000
Pima County Airport	285,350
Administrative Costs	465,211
TOTAL	\$132,118,337

Sources of Funding

Intergovernmental Revenue	\$18,887,581
Charges for Services/Impact Fees	2,492,520
Interest Revenue	2,000,000
Miscellaneous Revenue	63,755
Other Funding: Operating Transfers	11,171,248
Other Funding: Bond Proceeds	96,000,000
Other Funding: Fund Balance Decrease	1,503,233
TOTAL	\$132,118,337

¹ Capital Projects Fund only; does not include Wastewater Management projects. Refer to the *Summary Schedules* section - *Summary of Active Capital Improvement Projects* for a complete list of all projects, including Wastewater Management projects and related expenses.

Relationship Between Operating and Capital Budgets

A direct relationship exists between Pima County's CIP budget and its annual operating budget. Impacts on expenditure budgets and the availability of future revenues to support these new costs are and will continue to be an important factor in determining the timing of construction and origination of new projects.

Capital projects, when completed, tend to require increases in operating budgets to cover new upkeep, maintenance, security, and other costs. For some capital improvements the incremental impact of completed projects on the County's operating budget is relatively small. For example, new or expanded roadways tend to have little impact on operating expenditures (if not decreasing expenditures due to maintenance savings). On the other hand, projects like the Sheriff Department Maximum Security Detention Facility (scheduled for completion in fiscal year 2004/05) will require significant additional operations and maintenance (O&M) expenditures: increased personal services expenditures for additional corrections officers and other staff, additional supplies and services expenditures for utilities, general maintenance, supplies, and the like.

When new projects are considered for funding in the County's budgeted CIP, increased operating costs are taken into consideration. Departments are required to project the impact of additional operating costs over the life of a project, and the analysis and eventual approval of Capital Projects takes these estimates into account. Additionally, in each annual budgeting cycle, General Fund departments submit supplemental budget requests to cover new operating costs resulting from projects whose completion will impact operating expenditures in the fiscal year under consideration, and non-General Fund departments add O&M estimates to their base budget requests. Information relating to additional funding needs for O&M is evaluated for accuracy, and expenditures and revenues resulting from the completed project are projected over a five-year period. These projections are included in departmental plans in the current year and in subsequent years.

More detailed information on the impact of completed capital projects on Pima County's fiscal year 2004/05 operating budget may be found in the final section of this report.

Capital Projects by Category: Summary

Facilities Management

Facilities Management, which manages projects related to County facilities as well as capital improvements for the Sheriff Department, the Superior Court, Medical Services, and Community & Economic Development, has sixteen active projects in fiscal year 2004/05. Five of the sixteen projects were approved by voters in the bond election on May 20, 1997; seven were approved in the bond election on May 18, 2004. These twelve projects account for 78 percent of expenditures. Two of the 1997 bond projects are substantial: \$8.17 million for completion of the Sheriff Department Maximum Security Detention Facility, and \$2.11 million for expansion of the Forensic Science Center. The largest of the 2004 bond projects is \$463,394 for the Flowing Wells Community Center.

Ten of the sixteen Facilities Management projects active in fiscal year 2004/05 will be under construction during the course of this fiscal year; construction expenditures are projected to be \$17.8 million or 94 percent of the total Facilities Management CIP. The remaining projects are in pre-construction phases, and the expenditures for those projects are earmarked for planning and design, land acquisition, and miscellaneous startup requirements.

Transportation

The fiscal year 2004/05 CIP associated with Transportation consists of 27 active projects with total expenditures of \$44.4 million. Eighteen of these projects are part of the bond package approved by voters in the 1997 special elections. Of the projects approved in the 1997 special elections, 16 address capacity improvements to major, critical roadway segments throughout Pima County's metropolitan areas.

Fourteen Transportation projects are projected to be under construction during the course of fiscal year 2004/05. Construction expenditures are estimated at 87 percent, or approximately \$38.6 million, of Transportation's portion of CIP for fiscal year 2004/05. The remaining expenditures will be for planning and design, land acquisition, and miscellaneous other expenditures. Major projects include the replacement of the Veterans Memorial Overpass and improvements to La Cholla Boulevard, Wetmore/Ruthrauff Road, and Catalina Highway.

Pima County Airport

Paving of the access road and taxiway at the Ajo Airport is to be completed in fiscal year 2004/05.

Flood Control District

The Flood Control District has 27 active CIP projects in fiscal year 2004/05, with total estimated expenditures of \$15.2 million. Five of the projects are part of the bond package approved by voters in the 1997 special elections. The Flood Control District will partner with the Army Corps of Engineers on two projects in fiscal year 2004/05, with the Army Corps of Engineers contributing an additional \$5.3 million to those projects.

Forty-eight percent, or \$7.3 million of fiscal year 2004/05 expenditures, is estimated for construction expenditures; the remaining Flood Control related expenditures are for planning and design, land acquisition, and miscellaneous expenditures. The Floodprone Land Acquisition Program and Urban Drainage at \$2.0 million each are the largest project budgets in fiscal year 2004/05.

Natural Resources, Parks & Recreation

There are 38 CIP projects, with total projected expenditures of \$24.5 million, scheduled for activity in fiscal year 2004/05 for Natural Resources, Parks & Recreation. All of these 38 projects are part of the bond packages approved by voters, 31 in the 1997 special election and 7 in the 2004 special election.

Twenty-two of the 38 Natural Resources, Parks & Recreation projects are scheduled to be under construction during the course of fiscal year 2004/05. The estimated construction expenditures of \$8.8 million represent 36 percent of total expenditures for the year; the balance of expenditures are planning and design, land acquisition, and startup expenditures. Large projects from the 1997 bond election include continuing work on the Rillito River Park system and the Clements Recreational Facility. Large projects from the 2004 bond election include the Naranja Town Site Park and the Northside and Southeast Community Parks, all of which are land acquisition purchases.

Open Space

In the May 20, 1997 special election, voters approved \$27.9 million in bonds for the acquisition of open space. An additional \$174.3 million was approved for open space acquisitions in the 2004 bond election. The largest budgeted single acquisition is \$12 million for the Sweetwater Preserve, which was approved in the 2004 bond election. Various other community open space parcel acquisitions approved in the 2004 bond election are budgeted at \$3.6 million.

Cultural Resources

Cultural Resources is a program that stresses equally the acquisition and rehabilitation of historic structures and provides for mitigation of archaeological resources. The Cultural Resources category of CIP for fiscal year 2004/05 consists of nineteen projects, all of which were approved by voters in the bond elections; seven were approved in the 1997 special elections, twelve were approved in the 2004 election. The largest project is the Steam Pump Ranch Rehabilitation, which was part of the 2004 election.

Four of the seven Cultural Resources projects will be under construction during fiscal year 2004/05. The estimated construction expenditures of \$1.5 million are approximately 31 percent of the projected Cultural Resources activity. The remaining expenditures will be for land acquisition, planning and design, and miscellaneous other expenditures.

Neighborhood/Housing Conservation

The Neighborhood/Housing Conservation category for fiscal year 2004/05 consists of small, bond-funded individual projects grouped under two master bond and project numbers. All of the projects will be under construction during the course of the year; the projected expenditures total is \$2.6 million. All fiscal year 2004/05 expenditures are for construction.

Solid Waste Management

The fiscal year 2004/05 CIP budget for Solid Waste Management consists of three projects, two of which were approved by voters at the May 20, 1997 special election. One was approved in the 2004 election. Projected expenditures for the projects are \$665,000. Two of the projects will be under construction during fiscal year 2004/05. The estimated construction expenditures of \$240,000 are primarily for El Camino del Cerro landfill and are approximately 36 percent of the projected Solid Waste activity.

Wastewater Management

The fiscal year 2004/05 adopted CIP budget for Wastewater Management consists of 17 projects with total expenditures of \$14.9 million. Large projects for fiscal year 2004/05 include the projected completion of the Ina Road treatment facility expansion, the new Marana wastewater treatment facility, and the beginning stages of the new federal prison sewer system. Other projects include extensive work on other wastewater reclamation facilities and delivery systems throughout Pima County.

Complete Capital Project List FY 2004/05

For a comprehensive list of the active and new projects comprising Pima County's fiscal year 2004/05 CIP budget refer to the *Summary Schedules* section - *Summary of Active Capital Improvement Projects*.

Impact of Completed Capital Projects on Operations and Maintenance: Fiscal Year 2004/05

During the budget cycle for fiscal year 2004/05, Enterprise and Special Revenue funds departments added to their base budget requests the incremental O&M expenditure amounts associated with completed capital projects. For General Fund departments, O&M for completed capital projects was included in the form of supplemental requests or by adjustments to their existing departmental base budgets. The following table summarizes the adopted expenditures associated with Capital Projects scheduled for completion in fiscal year 2004/05.

FY 2004/05 Operations and Maintenance Increases by Category

	Number of Projects Scheduled for Completion FY 2004/05	Total Increase to Base Budget Associated with Completed Projects
	40	\$7,048,935
Facilities Management	3	\$6,721,070
Transportation	7	30,000
Flood Control District	9	0
Natural Resources, Parks & Recreation	16	297,865
Open Space	0	0
Solid Waste	0	0
Cultural Resources	4	0
Neighborhood Reinvestment	0	0
Pima County Airport	1	0
	40	\$7,048,935