

BUDGET OVERVIEW

Financial Structure

Consolidated Overview of the County Budget by Fund

Total County Budget by Source and Use

Revenues & Expenditures for Fiscal Years 2007/2008 Through 2009/2010

Budget in Brief Fiscal Year 2009/2010

Adopted Full Time Equivalent Positions for Fiscal Years 2007/2008 Through 2009/2010

Pima County Capital Improvement Program Overview

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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 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>Public Health</u> - 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. 	Federal and state grants; charges for services provided; and operating transfers from the General Fund.

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 taxes on real property.
	<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 Tucson Electric Park. 	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 from Capital Projects and Wastewater Reclamation Funds 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>Pima Health System & Services</u> - Accounts for health plans funded by the Arizona Health Care Cost Containment System (AHCCCS) and long term care under the Arizona Long Term Care System (ALTCS). 	Primarily derived from capitation fees.
	<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>Wastewater Reclamation Department</u>- Accounts for the management and operation of wastewater treatment and water pollution control facilities. 	Sewer user, sewer connection, and sanitation fees.

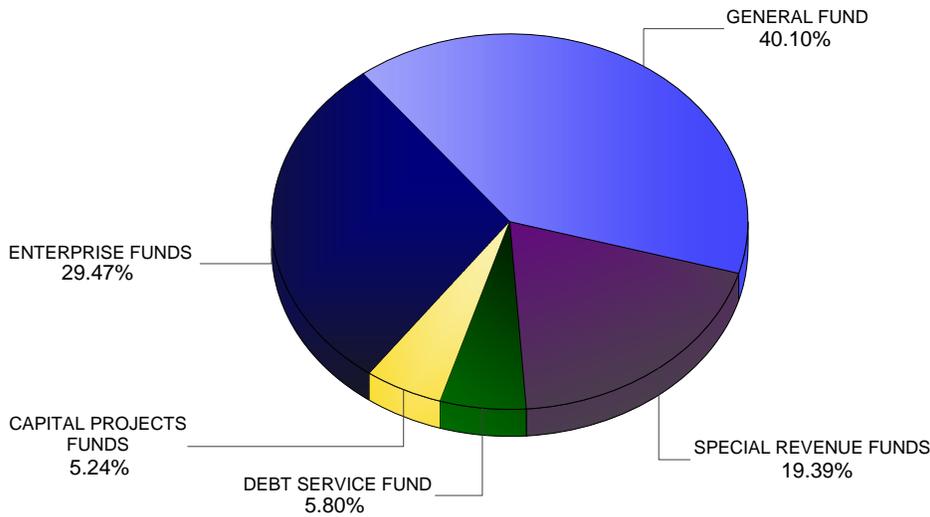
Fund Type	Description	Funding Source
Internal Service Funds	Account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. Internal Service funds include the following:	
	<ul style="list-style-type: none"> • <u>Self Insurance 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>Other Internal Service Funds</u> - Account for the acquisition, operation, and maintenance of automotive and communications 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

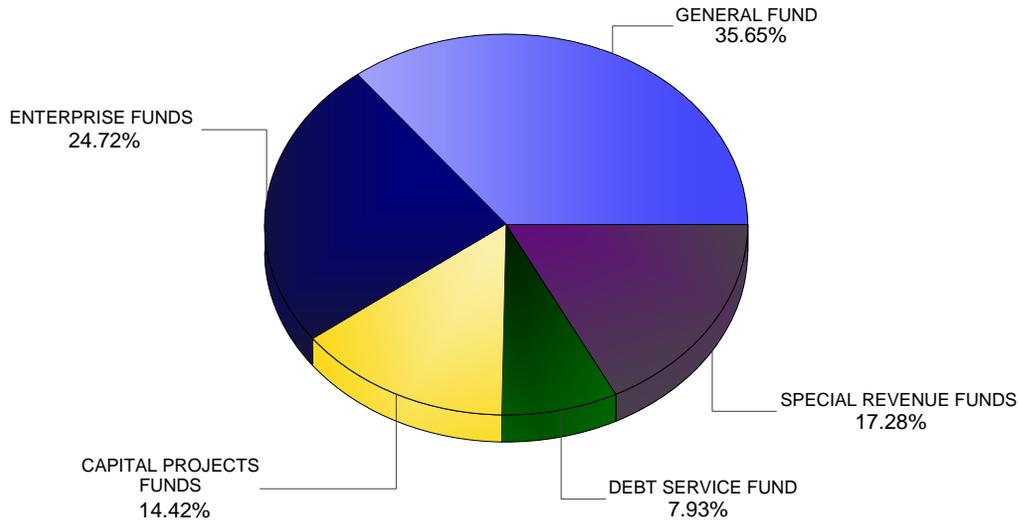
It should be noted that balances from the former General Fixed Asset Account Group and the General Long Term Debt Account Group are now considered subsidiary ledgers and are reported within the County's government-wide financial statements, as required by GASB 34.

CONSOLIDATED OVERVIEW OF COUNTY BUDGET BY FUND

REVENUES BY FUND



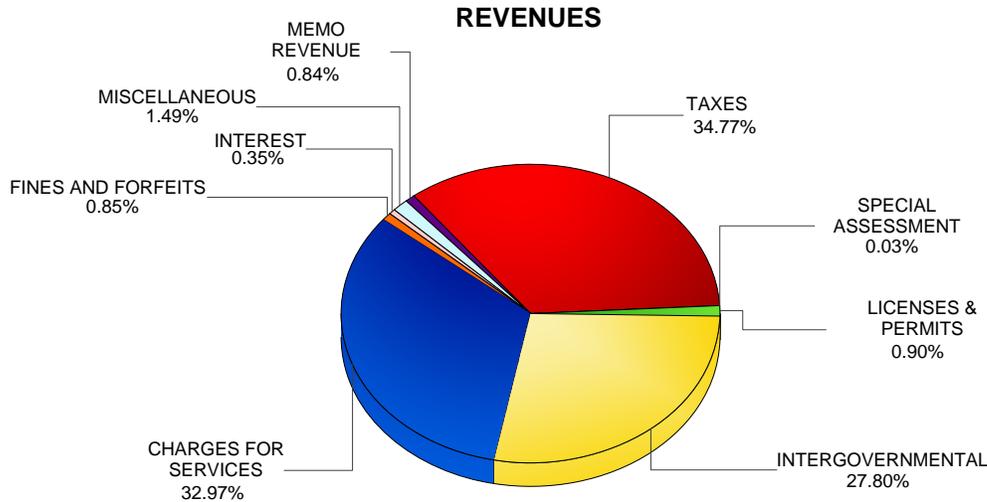
EXPENDITURES BY FUND



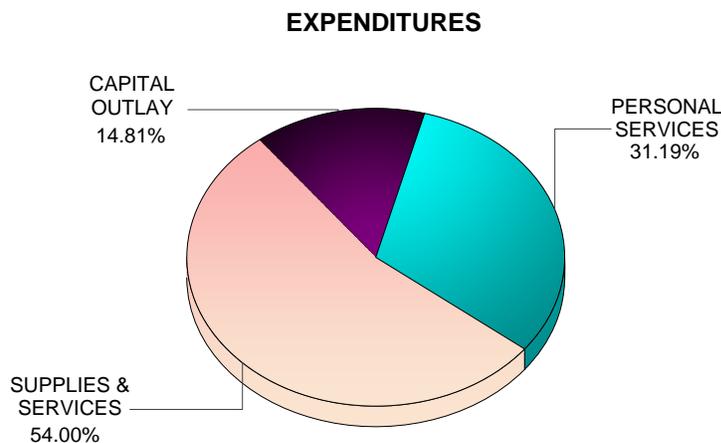
FUNDING SOURCES	EST. BEGINNING FUND BALANCE 2009/2010	ADOPTED REVENUES 2009/2010	ADOPTED EXPENDITURES 2009/2010	OTHER FINANCING SOURCES 2009/2010	INTERFUND TRANSFERS IN / (OUT)	ESTIMATED ENDING FUND BALANCE
GENERAL FUND	24,982,199	483,589,915	(494,765,645)	0	(13,806,469)	0
SPECIAL REVENUE FUNDS	71,010,658	233,751,185	(239,827,367)	0	(16,939,275)	47,995,201
DEBT SERVICE FUND	14,860,795	69,937,637	(110,138,905)	0	41,114,825	15,774,352
CAPITAL PROJECTS FUNDS	107,421,988	63,216,238	(200,124,512)	125,000,000	11,312,871	106,826,585
ENTERPRISE FUNDS	60,346,418	355,391,339	(343,015,444)	85,002,383	(21,525,780)	136,198,916

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

TOTAL COUNTY BUDGET BY SOURCE AND USE



REVENUES	FY 2007/2008 ACTUAL	FY 2008/2009 REVISED	FY 2009/2010 ADOPTED
TAXES	381,861,318	396,800,896	419,319,386
SPECIAL ASSESSMENT	555,844	448,619	401,105
LICENSES & PERMITS	13,247,701	14,941,892	10,861,177
INTERGOVERNMENTAL	317,278,454	322,259,727	335,262,690
CHARGES FOR SERVICES	458,503,374	404,007,803	397,606,822
FINES AND FORFEITS	6,492,981	6,706,732	10,188,170
INTEREST	21,036,845	11,791,551	4,183,156
MISCELLANEOUS	27,218,523	21,187,856	17,943,808
MEMO REVENUE	23,286,537	15,000,000	10,120,000
	1,249,481,577	1,193,145,076	1,205,886,314



EXPENDITURES	FY 2007/2008 ACTUAL	FY 2008/2009 REVISED	FY 2009/2010 ADOPTED
PERSONAL SERVICES	443,406,213	445,873,469	432,878,204
SUPPLIES & SERVICES	735,152,854	758,878,464	749,456,312
CAPITAL OUTLAY	135,897,605	172,777,335	205,537,357
	1,314,456,672	1,377,529,268	1,387,871,873

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

REVENUES & EXPENDITURES
FISCAL YEARS 2007/2008 - 2009/2010

	ACTUAL FY 2007/2008	REVISED FY 2008/2009	ESTIMATED FY 2008/2009	ADOPTED FY 2009/2010
GENERAL FUND				
REVENUE				
TAXES	268,492,467	282,377,345	281,413,275	301,095,303
LICENSES AND PERMITS	2,970,600	2,955,925	2,955,925	2,442,172
INTERGOVERNMENTAL	148,158,077	148,441,648	134,066,055	128,650,688
CHARGES FOR SERVICES	32,307,052	33,096,008	33,198,449	37,611,266
FINES AND FORFEITS	5,019,877	5,237,632	4,896,193	8,829,613
INTEREST	3,343,184	1,863,981	640,048	615,565
MISCELLANEOUS	8,314,183	7,361,684	7,974,506	4,345,308
MEMO REVENUE	265	0	0	0
TOTAL	468,605,705	481,334,223	465,144,451	483,589,915
EXPENDITURES				
PERSONAL SERVICES	251,688,292	257,485,415	258,167,189	252,777,551
SUPPLIES & SERVICES	204,141,566	242,696,396	209,396,528	240,950,712
CAPITAL OUTLAY	4,707,499	1,231,282	4,828,678	1,037,382
TOTAL	460,537,357	501,413,093	472,392,395	494,765,645
SPECIAL REVENUE FUNDS				
REVENUE				
TAXES	57,607,254	57,259,479	57,643,987	49,293,946
SPECIAL ASSESSMENT	555,844	448,619	448,619	401,105
LICENSES AND PERMITS	4,737,772	4,804,430	4,013,910	5,193,905
INTERGOVERNMENTAL	146,566,667	142,903,340	139,294,812	150,798,989
CHARGES FOR SERVICES	16,230,929	13,895,080	13,953,222	14,379,331
FINES AND FORFEITS	1,460,693	1,410,300	1,258,355	1,348,557
INTEREST	4,217,476	2,997,287	2,051,895	1,136,677
MISCELLANEOUS	12,655,254	11,529,819	16,172,023	11,078,675
MEMO REVENUE	338,069	0	0	120,000
TOTAL	244,369,958	235,248,354	234,836,823	233,751,185
EXPENDITURES				
PERSONAL SERVICES	99,500,032	106,665,510	98,800,338	102,929,297
SUPPLIES & SERVICES	110,920,148	122,031,602	110,140,146	132,170,871
CAPITAL OUTLAY	8,103,490	5,190,021	8,046,504	4,727,199
TOTAL	218,523,670	233,887,133	216,986,988	239,827,367
DEBT SERVICE FUND				
REVENUE				
TAXES	55,761,597	57,164,072	57,152,571	68,930,137
INTERGOVERNMENTAL	16,376	7,500	7,500	7,500
INTEREST	1,842,349	1,000,000	1,060,381	1,000,000
MISCELLANEOUS	116	0	0	0
TOTAL	57,620,438	58,171,572	58,220,452	69,937,637
EXPENDITURES				
SUPPLIES & SERVICES	75,797,524	100,521,623	121,640,512	110,138,905
TOTAL	75,797,524	100,521,623	121,640,512	110,138,905
CAPITAL PROJECTS FUNDS				
REVENUE				
INTERGOVERNMENTAL	17,022,948	25,848,887	22,401,190	51,473,938
CHARGES FOR SERVICES	8,839,064	9,424,903	9,224,903	10,991,612
INTEREST	4,812,517	1,117,697	1,631,479	750,688
MISCELLANEOUS	3,166,659	94,122	379,119	0
TOTAL	33,841,188	36,485,609	33,636,691	63,216,238
EXPENDITURES				
PERSONAL SERVICES	688,049	639,643	897,468	723,504
SUPPLIES & SERVICES	(116,521)	219,054	(151,986)	0
CAPITAL OUTLAY	138,967,907	165,590,632	181,265,194	199,401,008
TOTAL	139,539,435	166,449,329	182,010,676	200,124,512

**REVENUES & EXPENDITURES
FISCAL YEARS 2007/2008 - 2009/2010**

	ACTUAL FY 2007/2008	REVISED FY 2008/2009	ESTIMATED FY 2008/2009	ADOPTED FY 2009/2010
ENTERPRISE FUNDS				
REVENUE				
LICENSES AND PERMITS	5,539,329	7,181,537	2,940,650	3,225,100
INTERGOVERNMENTAL	5,514,386	5,058,352	4,993,404	4,331,575
CHARGES FOR SERVICES	401,126,329	347,591,812	353,374,258	334,624,613
FINES AND FORFEITS	12,411	58,800	5,000	10,000
INTEREST	6,821,319	4,812,586	1,951,529	680,226
MISCELLANEOUS	3,082,311	2,202,231	2,242,000	2,519,825
MEMO REVENUE	22,948,203	15,000,000	15,000,000	10,000,000
TOTAL	445,044,288	381,905,318	380,506,841	355,391,339
EXPENDITURES				
PERSONAL SERVICES	91,529,840	81,082,901	85,484,345	76,447,852
SUPPLIES & SERVICES	344,410,137	293,409,789	321,662,038	266,195,824
CAPITAL OUTLAY	(15,881,291)	765,400	(14,832,341)	371,768
TOTAL	420,058,686	375,258,090	392,314,042	343,015,444
TOTAL REVENUES	1,249,481,577	1,193,145,076	1,172,345,258	1,205,886,314
TOTAL EXPENDITURES	1,314,456,672	1,377,529,268	1,385,344,613	1,387,871,873

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

BUDGET IN BRIEF

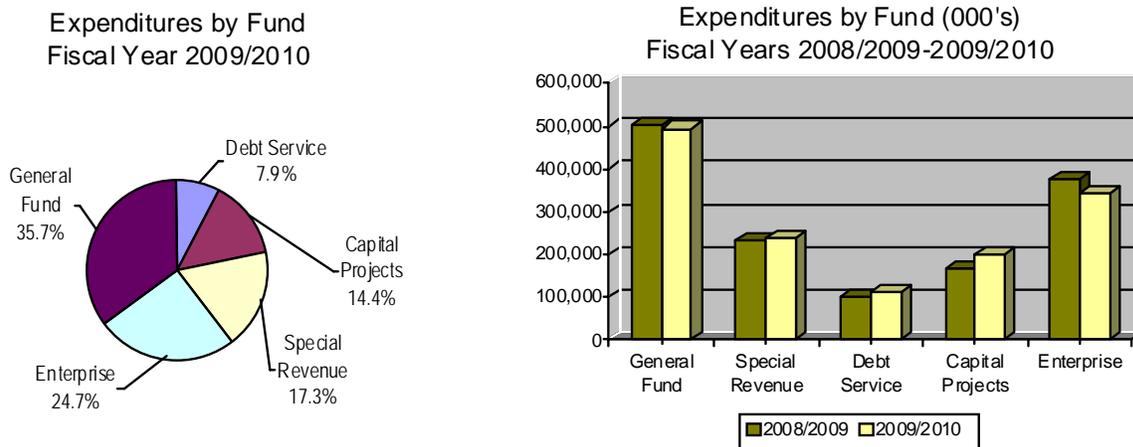
Arizona Revised Statute § 42-17105 requires the Pima County Board of Supervisors to adopt a budget for each fiscal year. On July 28, 2009, the Board adopted the budget for fiscal year 2009/10, which covers the period from July 1, 2009 through June 30, 2010.

Pima County's Fiscal Year 2009/10 Adopted Budget includes:

- \$1.388 billion in expenditures
- \$1.206 billion in revenues
- \$78.5 million in operating transfers between the various operating funds
- \$210.0 million total in debt issues including \$105.0 million in General Obligation and Transportation revenue bonds, \$95.0 million in Certificates of Participation, and \$10.0 million in loans for sewer projects

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

Comparison of Expenditures by Fund



GENERAL FUND: The Fiscal Year 2009/10 Adopted Budget for General Fund expenditures decreased by \$6.6 million from fiscal year 2008/09. Major factors contributing to this net decrease include:

- \$7.2 million decrease to reverse a budgeted reserve for potential negative financial state budget impacts which had not been finalized at fiscal year 2008/09 budget adoption
- \$5.3 million decrease from a 2.5% across-the-board base budget reduction
- \$4.8 million decrease in budgeted costs for primary and general elections held in 2008
- \$1.7 million decrease in set aside to settle litigation brought by QWEST Corporation in 2008
- \$1.4 million decrease in one-time unexpended carryover funds from fiscal year 2008/09
- \$1.1 million net decrease in state mandated contributions to the various state retirement systems
- \$775,000 net reduction for cost of fuel for estimated motor pool charges
- \$423,000 increase in order to bring the General Fund budgeted reserve to 5% of revenues
- \$1.0 million increase in reserve for potential Solid Waste Program operating losses
- \$1,1 million increase from moving Public works Building SRF to Facilities Management
- \$2.0 million additional funds reserved for Development Services countywide planning function
- \$2.1 million increase in Disproportionate Share Hospital Program funding
- \$2.4 million increase for new costs related to photo traffic enforcement
- \$2.5 million increase in Graduate Medical Educational Program funding
- \$2.6 million increase in Information Technology personnel previously charged directly to other departments now recouped via the County's central cost allocation plan
- \$4.1 million increase in the County's ALTCS contribution
- also includes the annualization of fiscal year 2008/09 supplemental requests, other position related adjustments, etc.

SPECIAL REVENUE FUNDS: The Fiscal Year 2009/10 Adopted Budget for Special Revenue Funds expenditures increased by \$5.9 million over fiscal year 2008/09. Major factors contributing to this net increase include:

- \$9.5 million increase in various special revenue grants mainly from federal stimulus funding
- \$9.3 million increase in Employment and Training also mainly from federal stimulus funding
- \$1.6 million increase in the Stadium District for increased maintenance and Kino Environmental Restoration Project (KERP) expenditures
- \$1.4 million increase in County Free Library District spending to address needed repairs at library branches
- \$317,000 net decrease in the Regional Flood Control District operating budget expenditures
- \$374,000 net decrease in Environmental Quality operating budget expenditures
- \$453,000 decrease in planned expenditures from the Recorder's Document Storage & Retrieval Fund
- \$1.1 million decrease in Solid Waste Management expenditures are in part the result of reduced hours of landfill operation
- \$1.1 million decrease due to the transfer of the Public Works Building special revenue fund to Facilities Management in the General Fund
- \$2.5 million net decrease in various other departmental special revenue funds
- \$2.9 million decrease in budgeted law enforcement antiracketeering funds
- \$7.7 million decrease in Transportation as a result of reduced street and highway user revenue collections
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs, etc.

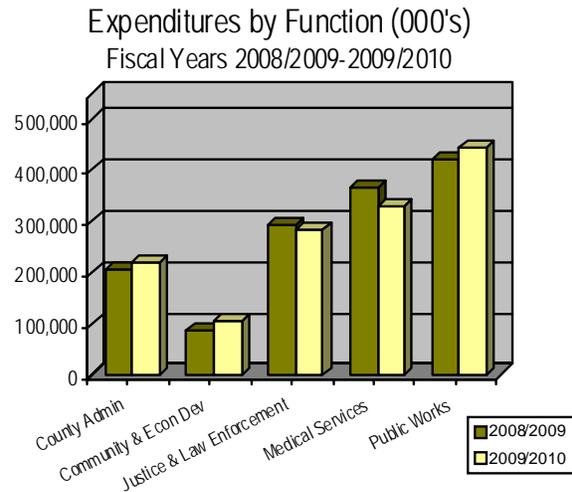
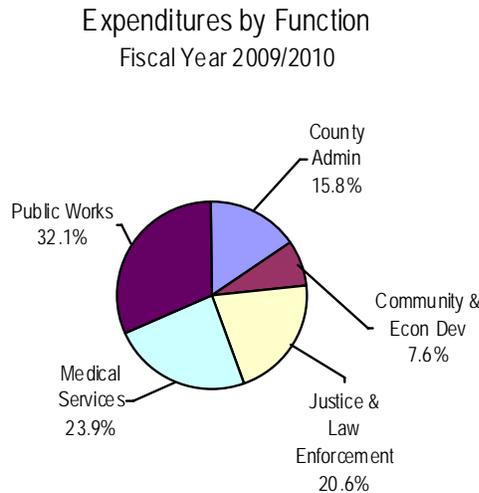
DEBT SERVICE FUND: The Fiscal Year 2009/10 Adopted Budget for Debt Service Fund expenditures increased \$9.6 million over fiscal year 2008/09. This increase is the net of retired debt and anticipated debt service costs related to bond and certificates of participation sales to be made in fiscal year 2009/10.

CAPITAL PROJECTS FUND: The Fiscal Year 2009/10 Adopted Budget for the Capital Projects Fund expenditures increased by \$33.7 million over fiscal year 2008/09, based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2009/10 to Fiscal Year 2013/14 Capital Improvement Plan. (See the *Capital Improvement Projects section - Summary of Active Capital Improvement Projects.*)

ENTERPRISE FUNDS: The Fiscal Year 2009/10 Adopted Budget for Enterprise Fund expenses decreased by \$32.2 million from fiscal year 2008/09. Significant changes include:

- \$30.0 million net decrease in Pima Health System & Services primarily due to the state not awarding the County an AHCCCS Ambulatory Contract and capping the enrollment for this program at a significantly reduced amount effective October 1, 2008
- \$4.0 million decrease in Development Services reflecting a slowdown in construction activity
- \$1.9 million increase in the Wastewater Reclamation Enterprise Fund, relating to the rehabilitation of the system, increased inspection/assessment work, increased depreciation, debt service, etc.
- also includes position related adjustments, benefits adjustments, adjustments for one time costs, etc.

Comparison of Expenditures by Functional Area



COUNTY ADMINISTRATION: The Fiscal Year 2009/10 Adopted Budget for expenditures for the County Administration functional area increased by \$14.1 million over fiscal year 2008/09. Major reasons for the net increase include:

- \$15.0 million net increase in financial support to University Physicians Healthcare Hospital
- Fiscal Year 2009/10 Adopted Budget for Debt Service Fund expenditures increased \$9.6 million over fiscal year 2008/09. 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 2009/10
- \$2.6 million increase in Information Technology personnel previously charged directly to other departments now recouped via the County’s central cost allocation plan
- \$2.0 million additional funds reserved for Development Services countywide planning function
- \$1.2 million increase from a grant to acquire election equipment
- \$1.0 million increase in reserve for potential Solid Waste Program operating losses
- \$423,000 increase in order to bring the General Fund budgeted reserve to 5% of revenues
- \$1.0 million decrease from a 2.5% across-the-board base budget reduction
- \$1.5 million decrease for various costs budgeted in Non Departmental, mainly a reduction of a reserve for health benefits
- \$1.6 million reversal of one time unexpended carryover funds from fiscal year 2007/08
- \$1.7 million decrease in set aside to settle litigation brought by QWEST Corporation in 2008
- \$4.8 million decrease to reverse budgeted costs of the primary and general elections held in 2008
- \$7.2 million decrease to reverse a budgeted reserve for potential negative financial state budget impacts which had not been finalized for fiscal year 2008/09
- also includes the annualization of fiscal year 2008/09 supplemental requests,, other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

COMMUNITY & ECONOMIC DEVELOPMENT: The Fiscal Year 2009/10 Adopted Budget for expenditures for the Community & Economic Development functional area increased by \$16.9 million over fiscal year 2008/09. Major factors contributing to this net increase are:

- \$9.3 million increase in Employment and Training Fund mainly from federal stimulus funding
- \$8.1 million increase in various special revenue fund grants also from federal stimulus funding
- \$1.6 million increase in the Stadium District for increased maintenance and KERP expenditures
- \$1.3 million increase in County Free Library District spending to address needed repairs at library branches
- \$453,000 decrease in Economic Development & Tourism Special Revenue Fund
- \$785,000 decrease for various schools related elections costs budgeted in fiscal year 2008/09
- also includes the annualization of fiscal year 2008/09 supplemental requests, other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

JUSTICE & LAW ENFORCEMENT: The Fiscal Year 2009/10 Adopted Budget for the Justice & Law Enforcement functional area decreased by \$7.8 million from fiscal year 2008/09. This net decrease is due primarily to:

- \$3.7 million decrease in various grants to Superior Court, Juvenile Court and Sheriff
- \$3.5 million in net decreases to various Justice & Law Enforcement Special Revenue Funds
- \$2.8 million decrease from a 2.5% across-the-board base budget reduction
- also includes annualization of fiscal year 2008/09 supplemental requests, other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

MEDICAL SERVICES: The Fiscal Year 2009/10 Adopted Budget for the Medical Services functional area decreased by \$36.5 million from fiscal year 2008/09. The main reasons for this net decrease include:

- \$30.0 million net decrease in Pima Health System & Services primarily due to the state not awarding the County an AHCCCS Ambulatory Contract and capping the enrollment for this program at a significantly reduced amount effective October 1, 2008
- \$15.0 million decrease in budgeted support to UPHH from \$25.0 million to \$10.0 million as scheduled in its lease agreement; an additional \$15.0 million is also budgeted in County Administration, above
- \$476,000 decrease in Public Health Grants
- \$4.1 million increase in ALTCS contribution
- \$2.5 million increase in Graduate Medical Educational Program funding
- \$2.1 million increase in Disproportionate Share Program funding
- also includes annualization of fiscal year 2008/09 supplemental requests, other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

PUBLIC WORKS: The Fiscal Year 2009/10 Adopted Budget for the Public Works functional area increased by a net \$23.8 million over fiscal year 2008/09. Significant changes include the following:

- \$33.7 million increase in Capital Projects Fund expenditures based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2009/10 to Fiscal Year 2013/14 Capital Improvement Plan. (*See the Capital Improvement Projects section – Summary of Active Capital Improvement Projects.*)
- \$4.0 increase in Facilities Management Grants from federal stimulus funding
- \$1.9 million increase in the Wastewater Reclamation Enterprise Fund, relating to the rehabilitation of the system, increased inspection/assessment work, increased depreciation, debt service, etc.
- \$317,000 net decrease in the Regional Flood Control District operating budget expenditures
- \$394,000 net decrease in Environmental Quality operating budget expenditures
- \$816,000 decrease from a 2.5% across-the-board base budget reduction
- \$1.1 million decrease in Solid Waste Management in part the result of reduced hours of operation
- \$1.4 million decrease in Natural Resources Parks & Recreation, \$740,000 of which was moved to the Budget Stabilization Fund
- \$4.0 million decrease in Development Services reflecting a slowdown in construction activity
- \$7.7 million decrease in Transportation as a result of decreased street and highway revenue
- also includes annualization of fiscal year 2008/09 supplemental requests, 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 2009/10:

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, a net decrease for fiscal year 2009/10 of \$25.0 million from the budgeted beginning fund balance. General Fund expenditures include \$24.4 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 \$534,278 from the beginning fund balance. Major factors contributing to this decrease are discussed under the Budget Issues Tab (pages 4-9 through 4-10).

Special Revenue Funds

The fiscal year 2009/10 adopted ending fund balance for all Special Revenue Funds is \$48.0 million, a net decrease of \$23.0 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, Flood Control, Public Health, Solid Waste Management, the County Free Library, Stadium District, Justice and Law Enforcement Grants, etc.

Debt Service Fund

The fiscal year 2009/10 adopted ending fund balance for the Debt Service Fund is \$15.8 million, a net increase of \$913,000 over the budgeted beginning fund balance. Major factors contributing to this increase include:

- \$11.8 million increase in projected secondary property tax collections
- \$9.6 million increase in overall debt service payments. This increase 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 2009/10
- \$3.5 million net decrease in operating transfers in

Capital Projects Fund

The fiscal year 2009/10 adopted ending fund balance for the Capital Projects Fund is \$106.8 million, a net decrease of \$595,000 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 2009/10 to 2013/14 Capital Improvement Plan. (See the *Capital Improvement Project section - Summary of Active Capital Improvement Projects*)

Enterprise Funds

The fiscal year 2009/10 adopted ending net assets for all Enterprise Funds is \$136.2 million, a net increase of \$75.9 million over the budgeted beginning net assets. Major factors contributing to this increase include:

- \$77.2 million increase in the Wastewater Reclamation Enterprise Fund due to a combination of increases in sewer revenue fees partially offset by decreased connection fees, increasing operating costs, and debt repayments, and \$85.0 million in additional certificate of participation and loan proceeds
- \$2.3 million decrease in net assets of the Development Services Enterprise Fund

A summary table of beginning and ending fund balances/net assets for all funds is located on pages 8-2 through 8-4 of the Summary Schedules section.

**ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2007/2008 - 2009/2010**

FUNCTIONAL AREA/SUPER DEPARTMENT	ADOPTED 2007/2008	REVISED 2008/2009	ADOPTED 2009/2010	CHANGE 08/09 to 09/10
<u>COUNTY ADMINISTRATION</u>				
ASSESSOR	161.0	160.5	160.5	0.0
BOARD OF SUPERVISORS	24.4	23.7	24.0	0.3
CLERK OF THE BOARD	19.0	18.0	17.0	(1.0)
COUNTY ADMINISTRATOR	15.8	14.8	17.8	3.0
ELECTIONS	15.0	18.0	17.0	(1.0)
FINANCE & RISK MANAGEMENT	123.5	125.9	123.5	(2.4)
FORENSIC SCIENCE CENTER	30.1	29.0	27.0	(2.0)
HUMAN RESOURCES	37.5	38.0	37.0	(1.0)
INFORMATION TECHNOLOGY	137.0	129.7	128.0	(1.7)
PROCUREMENT	34.0	32.5	31.8	(0.7)
RECORDER	57.0	67.0	50.3	(16.7)
TREASURER	41.0	40.0	40.0	0.0
TOTAL COUNTY ADMINISTRATION	695.3	697.1	673.9	(23.2)
<u>COMMUNITY & ECONOMIC DEVELOPMENT</u>				
COMMUNITY & ECONOMIC DEVELOPMENT ADMIN	8.0	7.0	6.6	(0.4)
COMMUNITY DEVELOP & NEIGHBORHOOD CONSERV	27.5	26.5	25.6	(0.9)
COMMUNITY SVCS, EMPLOYMENT & TRAINING	134.4	136.5	159.0	22.5
COUNTY FREE LIBRARY	357.5	378.5	383.7	5.2
ECONOMIC DEVELOPMENT & TOURISM	5.0	5.0	2.9	(2.1)
KINO SPORTS COMPLEX	59.5	66.5	20.2	(46.3)
SCHOOL SUPERINTENDENT	16.0	15.0	14.0	(1.0)
STADIUM DISTRICT	14.6	4.6	30.7	26.1
TOTAL COMMUNITY & ECONOMIC DEVELOPMENT	622.5	639.6	642.7	3.1
<u>JUSTICE & LAW ENFORCEMENT</u>				
CLERK OF SUPERIOR COURT	226.2	221.5	217.5	(4.0)
CONSTABLES	13.0	13.0	13.0	0.0
COUNTY ATTORNEY	441.3	447.4	448.3	0.9
INDIGENT DEFENSE	218.5	225.5	208.0	(17.5)
JUSTICE COURT AJO	10.8	10.8	10.6	(0.2)
JUSTICE COURT GREEN VALLEY	9.1	9.5	9.5	0.0
JUSTICE COURTS TUCSON	122.3	122.1	139.1	17.0
JUVENILE COURT	582.4	569.6	541.6	(28.0)
OFFICE OF COURT APPOINTED COUNSEL	10.0	9.2	9.2	0.0
PUBLIC FIDUCIARY	37.6	37.1	38.3	1.2
SHERIFF	1,386.6	1,411.2	1,412.2	1.0
SUPERIOR COURT	664.0	663.5	672.5	9.0
TOTAL JUSTICE & LAW ENFORCEMENT	3,721.8	3,740.4	3,719.8	(20.6)
<u>MEDICAL SERVICES</u>				
INSTITUTIONAL HEALTH	27.0	31.5	30.0	(1.5)
PIMA HEALTH SYSTEM & SERVICES	992.4	700.2	680.5	(19.7)
PUBLIC HEALTH	375.1	391.8	390.5	(1.3)
TOTAL MEDICAL SERVICES	1,394.5	1,123.5	1,101.0	(22.5)

**ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2007/2008 - 2009/2010**

FUNCTIONAL AREA/SUPER DEPARTMENT	ADOPTED 2007/2008	REVISED 2008/2009	ADOPTED 2009/2010	CHANGE 08/09 to 09/10
<u>PUBLIC WORKS</u>				
CAPITAL PROJECTS	10.5	10.5	9.5	(1.0)
DEVELOPMENT SERVICES	182.0	135.3	71.2	(64.1)
ENVIRONMENTAL QUALITY	60.4	52.5	43.9	(8.6)
FACILITIES MANAGEMENT	173.0	176.0	173.0	(3.0)
FLEET SERVICES	57.0	62.2	62.7	0.5
GRAPHIC SERVICES	20.6	21.6	15.6	(6.0)
NATURAL RESOURCES, PARKS & RECREATION	283.8	293.0	251.3	(41.7)
PUBLIC WORKS ADMINISTRATION	37.5	38.4	34.0	(4.4)
REGIONAL FLOOD CONTROL DISTRICT	75.4	67.0	70.3	3.3
SOLID WASTE MANAGEMENT	53.0	42.6	34.5	(8.1)
TRANSPORTATION	425.9	414.7	354.1	(60.6)
WASTEWATER RECLAMATION	583.7	599.0	580.0	(19.0)
TOTAL PUBLIC WORKS	1,962.8	1,912.8	1,700.1	(212.7)
TOTAL FUNCTIONAL AREAS	8,396.9	8,113.4	7,837.5	(275.9)

Pima County FY 2009/2010 Adopted Budget

Major net changes in Full Time Equivalent (FTE) positions from fiscal year 2008/09 to 2009/10 are generally explained below:

FTEs in County Administration decreased by 23.2 or 3.3%. Major factors contributing to this net decrease include:

- 16.7 FTE decrease in the Recorder due to the removal of temporary elections worker positions from the 2008 primary and general elections and unfunding vacant positions
- 1.0 FTE increase in Communications due to the transfer of one position from the Sheriff department
- 3.0 FTE net increase in the County Administrator department due to the transfer of four positions from Natural Resources, Parks & Recreation and unfunding a vacant position
- 2.4 FTE net decrease in Finance & Risk Management due to the transfer of three environmental services positions from Facilities Management, unfunding five vacant positions, and reducing hours of some positions
- 2.7 FTE net decrease in Information Technology resulting from the transfer of one position from Finance & Risk Management and eliminating vacant positions
- 2.0 FTE decrease in the Forensic Science Center due to the unfunding of two vacant Forensic Field Agent positions to meet 2.5% budget reduction
- 3.4 FTE net decrease in various other County Administration departments mainly from eliminating or reducing hours of vacant positions

FTEs in Community & Economic Development increased by 3.1 or 0.5%. Major factors contributing to this net increase include:

- 5.2 FTE increase in County Free Library due to the addition of 3.2 intermittent FTEs and additional hours for four positions that were newly created in fiscal year 2008/09.
- 65.4 FTE decrease in Kino Sports Complex due to the transfer of positions to the Stadium District as well as the transfer of positions to Community Services, Employment & Training related to the Teen Center, Las Artes, and Pima Vocational High School.
- 41.7 FTE increase in Community Services, Employment & Training due to the department assuming responsibility for the Teen Center, Las Artes, and Pima Vocational High School from Kino Sports Complex
- 26.1 FTE increase in the Stadium District primarily due to the transfer of Trades Maintenance positions from the Kino Sports Complex.
- 1.0 FTE decrease in School Superintendent from unfunding two positions due to budget constraints
- 3.2 FTE net decrease in various other Community & Economic Development departments

FTEs in Justice & Law Enforcement decreased by 20.6 or 0.5%. Major factors contributing to this net decrease include:

- 7.7 FTE decrease in Clerk of the Superior Court resulting from the reduction of funded hours to existing positions.
- 17.5 FTE decrease in Indigent Defense General Fund positions due to the elimination of vacant positions
- 44.9 FTE net decrease in various Justice and Law enforcement special revenue fund and grant departments
- 7.7 FTE decrease in Juvenile Court General Fund positions due to a decrease in hours funded to existing positions, the elimination of vacant positions and the transfer of financial positions to the Superior Court.

Pima County FY 2009/2010 Adopted Budget

- 8.0 FTE increase in Justice Court Tucson General Fund positions due to implementation of Photo Traffic Enforcement program
- 32.0 FTE increase in Sheriff General Fund positions due to the transfer of grant positions resulting from the loss of grant funding
- 15.1 FTE increase in Superior Court General Fund positions due to adding pretrial services for misdemeanor arrests and for the City of South Tucson, along with the transfer of financial positions from Juvenile Court

FTEs in Medical Services decreased by 22.5 or 2.0%. Major factors contributing to this net decrease include:

- 1.5 FTE decrease in Institutional Health due to the unfunding of two FTEs to meet 2.5% budget reduction, partially offset by the increase of 0.5 FTE for one Program Coordinator
- 19.7 FTE decrease in Pima Health System and Services primarily as a result of the September 30, 2008 layoffs due to the award of a capped AHCCCS acute care contract effective October 1, 2008
- 1.3 FTE decrease in Public Health primarily due to adjustments to hours funded for existing positions

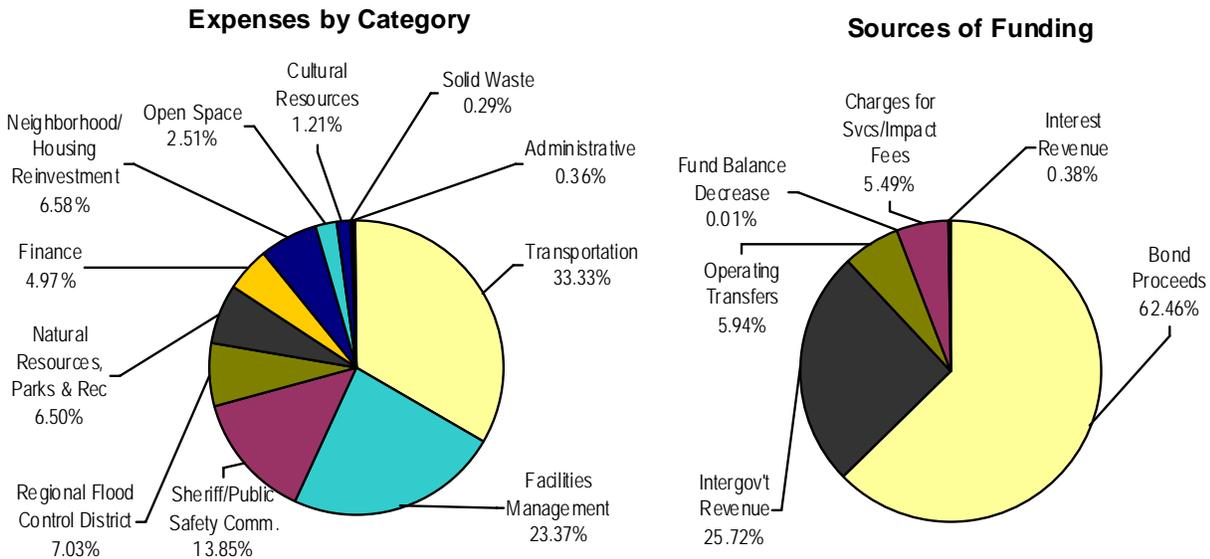
FTEs in Public Works decreased by 212.7 or 11.1%. Major factors contributing to this net increase include:

- 3.0 FTE decrease in Facilities Management due to the transfer of two Industrial Hygienists and an Environmental Services Officer to the Risk Management department.
- 41.7 FTE decrease in Natural Resources, Parks & Recreation due to the unfunding of vacant positions, decreases in hours for other positions, and the transfer of four positions to the County Administrator department.
- 64.1 FTE decrease in Development Services due to unfunding of 48.0 FTEs, transfer out to other County departments of 16.0 FTEs, and reduction in hours for 0.1 FTE
- 60.6 FTE decrease in Transportation due to unfunding of 50.0 FTEs and reduction in hours for 10.6 FTEs
- 19.0 FTE decrease in Wastewater Reclamation due to unfunding 23.0 FTE vacant position and reducing hours for several classification resulting in a decrease of 1.0 FTE partially offset by the transfer of 5.0 FTEs from Development Services
- 8.6 FTE decrease in Environmental Quality due to unfunding vacant positions
- 8.1 FTE decrease in Solid Waste Management due to unfunding of 8.0 FTEs and reduction in hours for 0.1 FTE
- 4.4 FTE decrease in Public Works Administration due to unfunding of 3.0 FTEs and reduction in hours for 1.4 FTEs
- 1.0 FTE decrease in Capital Projects due to unfunding of one position
- 3.3 FTE increase in Regional Flood Control due to transfer of 3.0 FTEs from Development Services and increase in hours for 0.3 FTE
- 1.8 FTE decrease in Graphic Services Design due to the unfunding of three positions due to revenue reductions, while increasing hours on two positions shared with Graphic Services Production
- 4.2 FTE decrease in Graphic Services Production due to the unfunding of three positions due to revenue reductions, while decreasing hours on two positions shared with Graphic Services Design

PIMA COUNTY CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The following charts provide summary information for Pima County's fiscal year 2009/10 adopted expenditures, revenues, and other funding sources for all Capital Projects Fund projects.

Pima County FY 2009/10 Capital Projects Fund¹



Expenses by Category

Transportation	\$66,682,839
Facilities Management	46,768,470
Sheriff	27,719,205
Flood Control	14,070,845
Parks and Recreation	13,007,794
Finance	9,953,468
Neighborhood/Housing Reinvestment	13,163,602
Open Space	5,031,694
Cultural Resources	2,425,730
Solid Waste	577,361
Administrative Costs	723,504
Total	\$200,124,512

Sources of Funding

Other Funding: Bond/COPs Proceeds	\$125,000,000
Intergovernmental Revenue	51,473,938
Other Funding: Operating Transfers	11,880,665
Other Funding: Fund Balance Decrease	27,609
Charges for Services/Impact Fees	10,991,612
Interest Revenue	750,688
Total	\$200,124,512

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