

BUDGET OVERVIEW

Financial Structure

Consolidated Overview of the County Budget by Fund

Total County Budget by Source and Use

Revenues & Expenditures for Fiscal Years 2010/2011 Through 2012/2013

Budget in Brief Fiscal Year 2012/2013

Adopted Full Time Equivalent Positions for Fiscal Years 2010/2011 Through 2012/2013

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>Health</u> - Accounts for resources used to finance activities involved in the conservation and improvement of public health, and various animal control functions. 	Federal and state grants; charges for services provided; and operating transfers from the General Fund.

Pima County FY 2012/2013 Adopted Budget

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

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

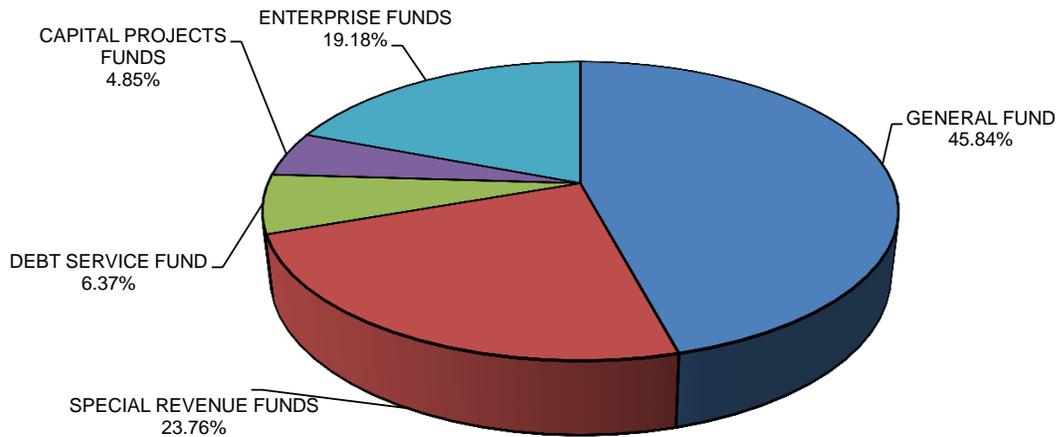
Fund Type	Description	Funding Source
Internal Service Funds	Account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. Internal Service funds include the following:	
	<ul style="list-style-type: none"> • <u>Self Insurance 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 telecommunications equipment used by County departments and for printing services provided to County departments. 	Financed by fees and reimbursements charged to user departments.
FIDUCIARY FUNDS	Fiduciary funds do not include resources belonging to Pima County; therefore, they are not part of the County's budgeting process. The County does, however, have custodial responsibility for these funds and reports them in its Comprehensive Annual Financial Report.	
Agency Funds	Account for cash and investments held by the County on behalf of various fire districts, cities and towns, individuals, the state and other agencies. Also included are clearing funds for payroll and property taxes.	
Investment Trust Fund	Accounts for cash and investments held by the County on behalf of various school districts.	

SUBSIDIARY LEDGERS

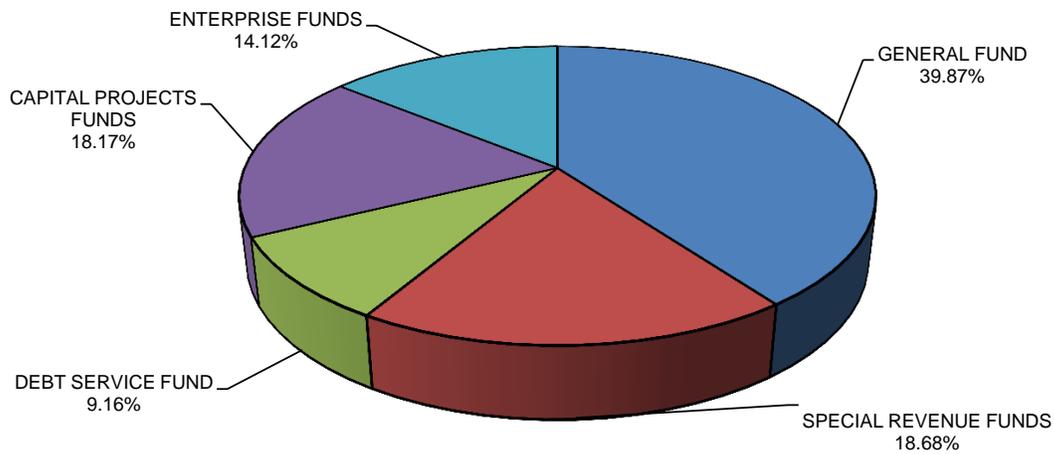
It should be noted that balances from the former General Fixed Asset Account Group and the General Long Term Debt Account Group are now considered subsidiary ledgers and are reported within the County's government-wide financial statements, as required by GASB 34.

CONSOLIDATED OVERVIEW OF COUNTY BUDGET BY FUND

REVENUES BY FUND



EXPENDITURES BY FUND



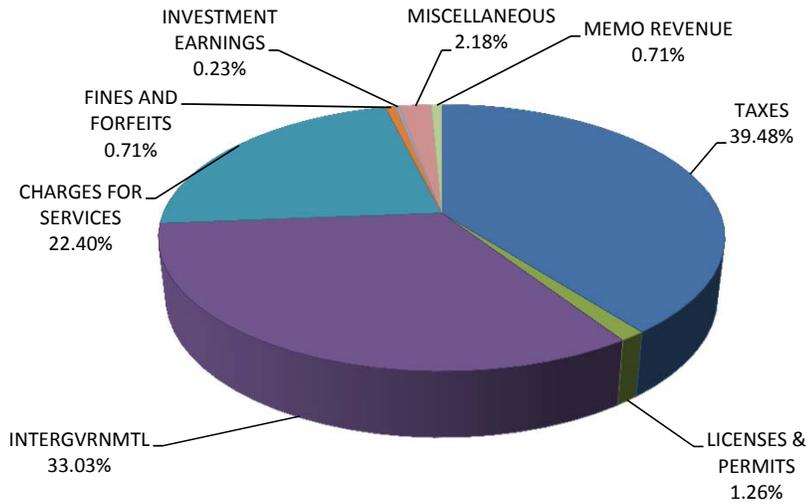
FUNDING SOURCES	EST. BEGINNING FUND BALANCE 2012/2013	ADOPTED REVENUES 2012/2013	ADOPTED EXPENDITURES 2012/2013	OTHER FINANCING SOURCES 2012/2013	INTERFUND TRANSFERS IN / (OUT)	ESTIMATED ENDING FUND BALANCE
GENERAL FUND	66,529,982	453,903,361	(491,891,733)	-	(28,541,610)	-
SPECIAL REVENUE FUNDS	83,495,809	235,328,436	(230,348,812)	-	(37,033,735)	51,441,698
DEBT SERVICE FUND	22,850,838	63,090,152	(112,966,351)	-	58,038,443	31,013,082
CAPITAL PROJECTS FUNDS	155,226,302	48,056,218	(224,127,426)	86,000,000	10,646,059	75,801,153
ENTERPRISE FUNDS	307,217,705	189,951,207	(174,162,119)	180,000,000	(2,884,565)	500,122,228

Note: Enterprise Fund amounts do not include the impact of the Regional Wastewater Reclamation Capital Improvement Program totaling 237,701,151.

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

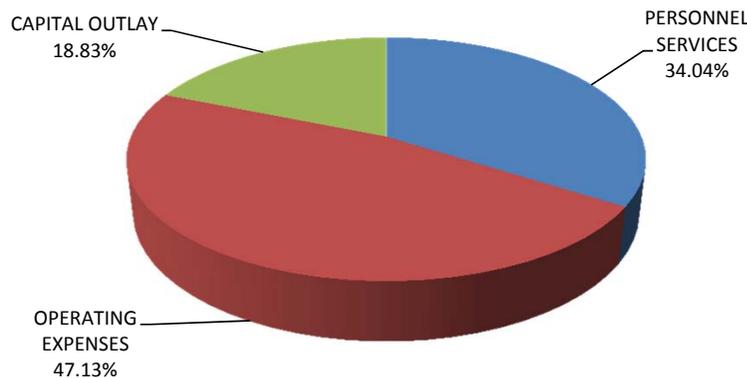
TOTAL COUNTY BUDGET BY SOURCE AND USE

REVENUES



REVENUES	FY 2010/2011 ACTUAL	FY 2011/2012 ADOPTED	FY 2012/2013 ADOPTED
TAXES	421,621,921	401,959,038	390,915,887
SPECIAL ASSESSMENTS	329,646	264,884	-
LICENSES & PERMITS	13,422,479	12,954,139	12,468,981
INTERGOVERNMENTAL	467,586,932	321,793,903	327,071,943
CHARGES FOR SERVICES	270,215,807	276,114,767	221,882,131
FINES AND FORFEITS	6,800,119	7,002,215	7,008,556
INVESTMENT EARNINGS	2,472,054	1,436,640	2,300,321
MISCELLANEOUS	19,653,543	16,704,338	21,636,555
MEMO REVENUE	4,086,924	6,000,000	7,045,000
	1,206,189,425	1,044,229,924	990,329,374

EXPENDITURES



EXPENDITURES	FY 2010/2011 ACTUAL	FY 2011/2012 ADOPTED	FY 2012/2013 ADOPTED
PERSONNEL SERVICES	407,966,689	419,787,244	419,844,523
OPERATING EXPENSES	660,859,764	652,840,769	581,331,979
CAPITAL OUTLAY	159,972,456	229,774,309	232,319,939
	1,228,798,909	1,302,402,322	1,233,496,441

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

**REVENUES & EXPENDITURES
FISCAL YEARS 2010/2011 - 2012/2013**

	ACTUAL FY 2010/2011	ADOPTED FY 2011/2012	ESTIMATED FY 2011/2012	ADOPTED FY 2012/2013
GENERAL FUND				
REVENUE				
TAXES	301,491,247	287,132,878	286,899,131	280,910,688
LICENSES AND PERMITS	2,681,142	2,612,500	2,619,094	2,515,000
INTERGOVERNMENTAL	122,951,785	123,412,475	127,947,984	126,332,705
CHARGES FOR SERVICES	35,360,431	36,554,254	36,825,505	32,700,478
FINES AND FORFEITS	5,343,756	5,793,193	5,653,810	5,779,310
INVESTMENT EARNINGS	419,027	469,611	470,659	183,854
MISCELLANEOUS	4,722,684	4,272,888	11,447,028	5,481,326
MEMO REVENUE	11,653	-	-	-
TOTAL	472,981,725	460,247,799	471,863,211	453,903,361
EXPENDITURES				
PERSONNEL SERVICES	244,790,624	257,497,403	259,945,575	273,042,104
OPERATING EXPENSES	183,047,400	233,363,695	194,379,837	218,656,379
CAPITAL EQUIPMENT > \$5,000	1,741,035	792,357	1,848,822	193,250
TOTAL	429,579,059	491,653,455	456,174,235	491,891,733
SPECIAL REVENUE FUNDS				
REVENUE				
TAXES	50,822,801	49,222,757	49,222,757	46,915,047
SPECIAL ASSESSMENT	329,646	264,884	246,540	-
LICENSES AND PERMITS	5,812,400	5,546,969	6,008,169	5,035,381
INTERGOVERNMENTAL	137,259,096	148,920,271	152,704,753	156,965,925
CHARGES FOR SERVICES	14,876,984	13,871,572	13,932,016	13,306,412
FINES AND FORFEITS	1,441,757	1,184,760	3,370,772	1,204,984
INVESTMENT EARNINGS	689,500	506,467	519,527	533,301
MISCELLANEOUS	9,939,691	9,351,409	10,485,278	11,367,386
MEMO REVENUE	48,085	-	-	-
TOTAL	221,219,960	228,869,089	236,489,812	235,328,436
EXPENDITURES				
PERSONNEL SERVICES	99,239,616	104,960,328	113,550,797	106,182,467
OPERATING EXPENSES	101,802,318	143,899,964	116,483,062	118,474,825
CAPITAL EQUIPMENT > \$5,000	3,174,710	7,507,152	3,632,530	5,691,520
TOTAL	204,216,644	256,367,444	233,666,388	230,348,812
DEBT SERVICE FUND				
REVENUE				
TAXES	69,307,873	65,603,403	65,501,769	63,090,152
INTERGOVERNMENTAL	18,448	-	-	-
INVESTMENT EARNINGS	350,332	-	193,470	-
TOTAL	69,676,653	65,603,403	65,695,239	63,090,152
EXPENDITURES				
PERSONNEL SERVICES	96,483,732	100,824,209	103,984,017	112,966,351
TOTAL	96,483,732	100,824,209	103,984,017	112,966,351
CAPITAL PROJECTS FUNDS				
REVENUE				
INTERGOVERNMENTAL	47,288,443	49,384,375	64,768,803	43,773,313
CHARGES FOR SERVICES	3,894,647	3,655,905	3,655,905	2,541,905
INVESTMENT EARNINGS	-	-	-	102,500
MISCELLANEOUS	829,390	937,000	937,000	1,638,500
TOTAL	52,012,480	53,977,280	69,361,708	48,056,218
EXPENDITURES				
CAPITAL EQUIPMENT > \$5,000	153,056,958	221,159,460	162,021,626	224,127,426
TOTAL	153,056,958	221,159,460	162,021,626	224,127,426

**REVENUES & EXPENDITURES
FISCAL YEARS 2010/2011 - 2012/2013**

	ACTUAL FY 2010/2011	ADOPTED FY 2011/2012	ESTIMATED FY 2011/2012	ADOPTED FY 2012/2013
ENTERPRISE FUNDS				
REVENUE				
LICENSES AND PERMITS	4,928,937	4,794,670	4,964,396	4,918,600
INTERGOVERNMENTAL	160,069,160	76,782	76,782	-
CHARGES FOR SERVICES	216,083,745	222,033,036	215,896,967	173,333,336
FINES AND FORFEITS	14,606	24,262	468,400	24,262
INVESTMENT EARNINGS	1,013,195	460,562	720,621	1,480,666
MISCELLANEOUS	4,161,778	2,143,041	2,966,385	3,149,343
CAPITAL CONTRIBUTIONS	4,027,186	6,000,000	6,000,000	7,045,000
TOTAL	390,298,607	235,532,353	231,093,551	189,951,207
EXPENDITURES				
PERSONNEL SERVICES	63,936,449	57,329,513	40,189,727	40,619,952
OPERATING EXPENSES	279,526,314	174,752,901	175,707,070	131,234,424
CAPITAL EQUIPMENT > \$5,000	1,999,753	315,340	1,257,022	2,307,743
TOTAL	345,462,516	232,397,754	217,153,819	174,162,119
TOTAL REVENUES	1,206,189,425	1,044,229,924	1,074,503,521	990,329,374
TOTAL EXPENDITURES	1,228,798,909	1,302,402,322	1,173,000,085	1,233,496,441

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

BUDGET IN BRIEF

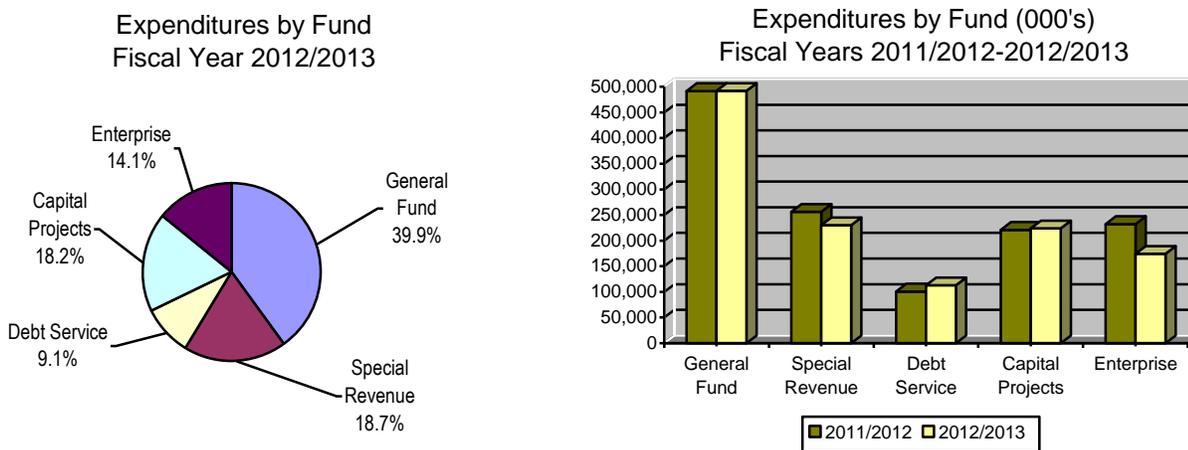
Arizona Revised Statute §42-17105 requires the Pima County Board of Supervisors to adopt a budget for each fiscal year. On June 19, 2012, the Board adopted the budget for fiscal year 2012/13, which covers the period from July 1, 2012 through June 30, 2013.

Pima County’s Fiscal Year 2012/13 Adopted Budget includes:

- \$1.233 billion in expenditures
- \$990 million in revenues
- \$189.2 million in operating transfers between the various operating funds
- \$266.0 million total in debt issues including \$50.0 million in General Obligation bonds, \$36.0 million in Certificates of Participation, and \$180.0 million in Sewer Revenue Obligations

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

Comparison of Expenditures by Fund



GENERAL FUND: The Fiscal Year 2012/13 Adopted Budget for General Fund expenditures increased by \$0.2 million over fiscal year 2011/12. Major factors contributing to this net increase include:

- \$3.6 million increase in medical insurance costs
- \$3.1 million increase in the County contribution to the Arizona State Retirement System (ASRS) to restore the 50/50 contribution ratio and refund excess employee contributions in fiscal year 2011/12
- \$2.9 million dollar net increase in the cost of the 2012 general elections over the 2011 presidential preference elections
- \$2.6 million increase in benefits other than medical and ASRS retirement costs
- \$2.1 million increase due to costs no longer being capitalized from IT, Finance and Procurement during implementation of PimaCore as in fiscal year 2011/12
- \$1.1 million increase from transferring former Pima Health System personnel to Finance
- \$0.9 million in increased Motor Pool costs
- \$0.7 million increase in costs for the Vehicle Impound Towing Program
- \$0.5 million reduction in costs due to the transfer of the Kino Veteran’s Memorial Community Center to the YMCA
- \$4.6 million decrease in previously budgeted Graduate Medical Education and Disproportionate Share funds now distributed by the Arizona Board of Regents
- \$4.8 million decrease in the General Fund budgeted reserve, shown as a contingent expenditure
- \$6.8 million decrease from the elimination of Pima County’s required contribution to the state for its budget shortfall in fiscal year 2011/12
- also includes minor departmental adjustments, other position related adjustments, etc.

SPECIAL REVENUE FUNDS: The Fiscal Year 2012/13 Adopted Budget for Special Revenue Funds expenditures decreased by \$26.0 million from fiscal year 2011/12. Major factors contributing to this net decrease include:

- \$22.4 million decrease in budgeted expenditures for the Property Tax Rate Stabilization Fund from fiscal year 2011/12. Pima County's property tax rates remained stable for fiscal year 2012/13
- \$7.1 million decrease in Public Health Grants due to the conclusion of the federal stimulus funded Communities Putting Prevention to Work (CPPW) program
- \$4.7 million reduction in Community Development & Neighborhood Conservation grants from the conclusion of the Neighborhood Stabilization Program 1 (NSP1) funding
- \$2.0 million decrease in budgeted expenditures in the Pima Health System Transition Fund established in fiscal year 2011/12 to provide for costs arising from the transfer of AHCCCS contracts to Bridgeway Health Solutions
- \$1.2 million decrease in the Superintendent of Schools Reserve Fund from the state
- \$1.0 million decrease in budgeted expenditures for the Employee Benefit Liability Fund
- \$1.0 million increase in the Office of Emergency Management & Homeland Security special revenue fund for operation of its Pima County Wireless Integrated Network (PCWIN)
- \$1.1 million increase in budgeted Health Department spending reflecting more realistic historical expenditures than in previous years
- \$1.3 million Increased expenditures in Transportation as a result of increased Highway User Revenue Funds received for operating expenditures
- \$2.0 million increase in Library District expenditures for upgrades in software and Information Technology support and costs of adding the Town of Oro Valley's library to Pima County's system
- \$2.0 million increase in Sheriff Grants from the Department of Homeland Security and High Intensity Drug Trafficking Area (HIDTA) funding
- \$3.7 million increased budgeted expenditures in the County Attorney Anti Racketeering Fund as a result of an increased fund balance available for distribution to other law enforcement agencies
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs, etc.

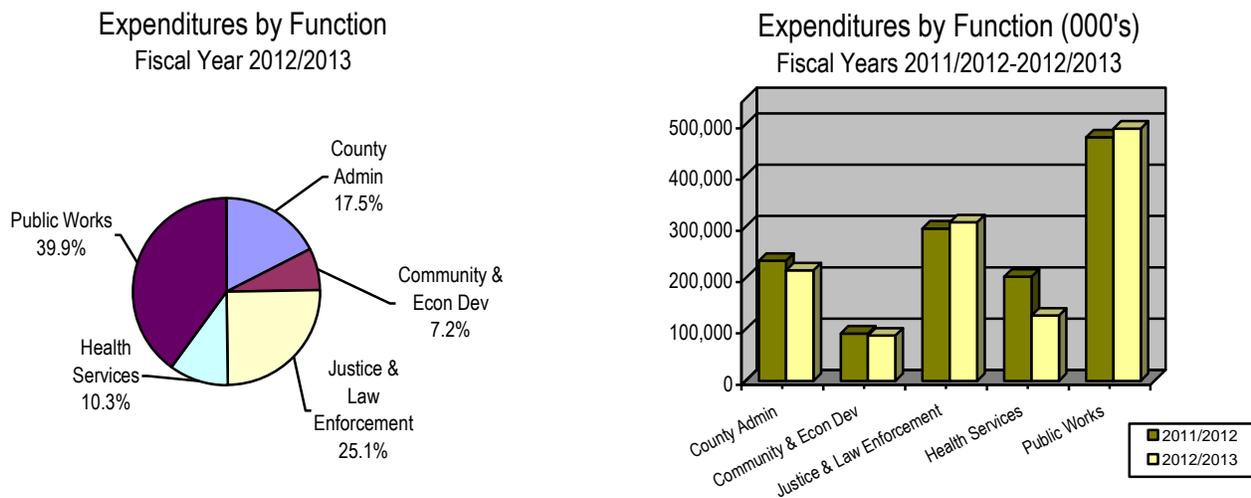
DEBT SERVICE FUND: The Fiscal Year 2012/13 Adopted Budget for Debt Service Fund expenditures increased \$12.1 million over fiscal year 2011/12. This increase is the net of retired debt and anticipated debt service costs related to bond and certificates of participation sales to be made in fiscal year 2012/13.

CAPITAL PROJECTS FUND: The Fiscal Year 2012/13 Adopted Budget for the Capital Projects Fund expenditures increased by \$3.0 million over fiscal year 2011/12, based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2012/13 to Fiscal Year 2016/17 Capital Improvement Plan. (See *the Capital Improvement Projects section - Summary of Active Capital Improvement Projects.*)

ENTERPRISE FUNDS: The Fiscal Year 2012/13 Adopted Budget for Enterprise Fund expenses decreased by \$58.2 million from fiscal year 2011/12. Significant changes include:

- \$69.9 million decrease due to the sale of Posada del Sol and termination of all operations in Pima Health System & Services as an enterprise fund
- \$11.6 million increase in the Regional Wastewater Reclamation Enterprise Fund, relating to the rehabilitation of the system, 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 2012/13 Adopted Budget for expenditures for the County Administration functional area decreased by \$18.5 million from fiscal year 2011/12. Major reasons for the net decrease include:

- \$22.4 million decrease in budgeted expenditures for the Property Tax Rate Stabilization Fund from fiscal year 2011/12.
- \$6.8 million decrease from the elimination of Pima County’s required contribution to the state for its budget shortfall in fiscal year 2011/12
- \$4.8 million decrease in the General Fund budgeted reserve, shown as a contingent expenditure
- \$4.6 million decrease in previously budgeted Graduate Medical Education and Disproportionate Share funds now distributed by the Arizona Board of Regents
- \$2.0 million decrease in budgeted expenditures in the Pima Health System Transition Fund established in fiscal year 2011/12 to provide for costs arising from the transfer of AHCCCS contracts to Bridgeway Health Solutions
- \$0.7 million increase in costs for the Vehicle Impound Towing Program
- \$1.0 million increase in the Office of Emergency Management & Homeland Security special revenue fund for operation of its Pima County Wireless Integrated Network (PCWIN)
- \$1.1 million increase from transferring former Pima Health System personnel to Finance
- \$2.1 million increase due to costs no longer being capitalized from IT, Finance and Procurement during implementation of PimaCore as in fiscal year 2011/12
- \$2.9 million dollar net increase in the cost of the 2012 general elections over the 2011 presidential preference elections
- \$12.1 million increased debt service based on the net of retired debt and anticipated debt service costs related to bond and certificates of participation sales to be made in fiscal year 2012/13
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

COMMUNITY & ECONOMIC DEVELOPMENT: The Fiscal Year 2012/13 Adopted Budget for expenditures for the Community & Economic Development functional area decreased by \$4.1 million from fiscal year 2011/12. Major factors contributing to this net decrease are:

- \$4.7 million reduction in Community Development & Neighborhood Conservation grants from the conclusion of the Neighborhood Stabilization Program 1 (NSP1) funding
- \$1.2 million decrease in the Superintendent of Schools Reserve Fund from the state
- \$0.5 million reduction in costs due to the transfer of the Kino Veteran’s Memorial Community Center to the YMCA
- \$2.0 million increase in Library District expenditures for upgrades in software and Information Technology support and costs of adding the Town of Oro Valley’s library to Pima County’s system

JUSTICE & LAW ENFORCEMENT: The Fiscal Year 2012/13 Adopted Budget for the Justice & Law Enforcement functional area increased by \$12.3 million over fiscal year 2011/12. This net increase is due primarily to:

- \$3.7 million increased budgeted expenditures in the County Attorney Anti Racketeering Fund as a result of an increased fund balance available for distribution to other law enforcement agencies
- \$2.0 million increase in Sheriff Grants from the Department of Homeland Security and High Intensity Drug Trafficking Area (HIDTA) funding
- \$2.3 million increase in benefits other than medical and retirement costs
- \$0.9 million in increased Motor Pool costs
- also includes other position related adjustments, benefits adjustments, adjustments for one time costs in other funds, etc.

HEALTH SERVICES: The Fiscal Year 2012/13 Adopted Budget for the Health Services functional area decreased by \$75.8 million from fiscal year 2011/12. The main reasons for this net decrease include:

- \$69.9 million decrease due to the sale of Posada del Sol and termination of all operations in Pima Health System & Services as an enterprise fund
- \$7.1 million decrease in Public Health Grants due to the conclusion of the federal stimulus funded Communities Putting Prevention to Work (CPPW) program
- also includes other position related adjustments, benefits adjustments, adjustments for other one time costs, increased depreciation, etc.

PUBLIC WORKS: The Fiscal Year 2012/13 Adopted Budget for the Public Works functional area increased by a net \$17.3 million over fiscal year 2011/12. Significant changes include the following:

- \$11.6 million increase in the Regional Wastewater Reclamation Enterprise Fund, relating to the rehabilitation of the system, inspection/assessment work, increased depreciation, debt service, etc.
- \$3.0 million increase over fiscal year 2011/12, based on the implementation of the approved current year Capital Improvement Budget, as detailed in the County's Fiscal Year 2012/13 to Fiscal Year 2016/17 Capital Improvement Plan. (*See the Capital Improvement Projects section - Summary of Active Capital Improvement Projects.*)
- \$1.3 million Increased expenditures in Transportation as a result of increased Highway User Revenue Funds received for operating expenditures plus new grants
- also includes other position related adjustments, benefits adjustments, adjustments for other one time costs, increased depreciation, etc.

Comparison of Revenues

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

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

The following is a discussion of changes in ending fund balances or net assets in fiscal year 2011/12:

General Fund

Due to a change in the method of budgeting for the ending fund balance implemented in fiscal year 2007/08, the adopted ending fund balance for the General Fund in future years will be zero. In fiscal year 2012/13, General Fund expenditures include \$29.9 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 \$36.6 million from the beginning fund balance. Major factors contributing to this decrease are discussed under the Budget Issues Tab (pages 4-8 through 4-12).

Special Revenue Funds

The fiscal year 2012/13 adopted ending fund balance for all Special Revenue Funds is \$51.4 million, a net decrease of \$32.1 million from the budgeted beginning fund balance. Major factors contributing to this decrease include net reductions/increases in the various special revenue fund and grant fund balances reflecting increases or decreases in the 8 major and nearly 60 minor County funds due to restricted funds being spent on their specified services. These funds account for such diverse functions as Transportation, Regional Flood Control District, Health, Solid Waste Management, the County Free Library, Stadium District, Justice and Law Enforcement Grants, etc.

Debt Service Fund

The fiscal year 2012/13 adopted ending fund balance for the Debt Service Fund is \$31.0 million, a net increase of \$8.2 million over the budgeted beginning fund balance. Major factors contributing to this increase include:

- \$32.8 million net increase in operating transfers in
- \$12.1 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 2012/13
- \$9.9 million in payments made in fiscal year 2011/12 in excess of scheduled payments
- \$2.6 million decrease in property tax revenues

Capital Projects Fund

The fiscal year 2012/13 adopted ending fund balance for the Capital Projects Fund is \$75.8 million, a net decrease of \$79.4 million from the budgeted beginning fund balance as existing bond and non-bond funds are expended in the implementation of the approved current year Capital Improvement Budget, as detailed in the County's proposed fiscal year 2012/13 to 2016/17 Capital Improvement Plan. (See *the Capital Improvement Project section - Summary of Active Capital Improvement Projects*)

Enterprise Funds

The fiscal year 2012/13 adopted ending net assets for all Enterprise Funds is \$500.1 million, a net increase of \$192.9 million over the budgeted beginning net assets. Major factors contributing to this increase include:

- \$180.0 million increase in sewer revenue obligation proceeds
- \$3.7 million net increase in the Regional Wastewater Reclamation Enterprise Fund due primarily to a \$15.5 million increase in sewer revenue fees partially offset by \$11.6 million increased expenditures
- \$8.9 million increase in Pima Health System & Services following the sale of its Posada del Sol facility, eliminating the fiscal year 2011/12 budgeted deficit of \$8.9 million

Note that the ending net assets for Regional Wastewater Reclamation do not include the impact of Capital Improvement Projects planned for fiscal year 2012/13.

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

**ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2010/2011 - 2012/2013**

Functional Area/Department	Actual 2010/2011	Adopted 2011/2012	Adopted 2012/2013	2012/2013 vs 2011/2012
<u>County Administration</u>				
Assessor	160.5	155.0	155.0	-
Board of Supervisors	24.0	23.4	23.7	0.3
Clerk of the Board	16.0	16.0	16.0	-
Communications Office	5.5	10.4	10.0	(0.4)
County Administrator	13.8	11.8	11.2	(0.6)
Elections	16.0	16.0	16.5	0.5
Finance & Risk Management	246.8	234.2	231.2	(3.0)
Forensic Science Center	27.0	27.5	31.0	3.5
Human Resources	51.2	49.1	49.1	-
Information Technology	200.0	172.0	166.0	(6.0)
Office of Emergency Management & Homeland Security	-	11.6	17.7	6.1
Procurement	30.8	30.6	31.7	1.1
Recorder	61.8	45.0	47.0	2.0
Treasurer	38.6	38.5	38.5	-
Total County Administration	892.0	841.1	844.6	3.5
<u>Community & Economic Development</u>				
Community & Economic Development Administration	4.0	4.0	3.3	(0.7)
Community Development & Neighborhood Conservation	30.7	32.6	28.3	(4.3)
Community Services, Employment & Training	155.0	141.3	135.9	(5.4)
County Free Library	387.6	388.1	408.0	19.9
Economic Development & Tourism	3.1	3.0	4.0	1.0
Kino Sports Complex	19.0	15.8	7.0	(8.8)
School Superintendent	14.5	14.0	15.0	1.0
Stadium District	31.4	33.3	39.6	6.3
Total Community & Economic Development	645.3	632.1	641.1	9.0
<u>Health Services</u>				
Health	367.0	381.4	357.3	(24.1)
Institutional Health	31.0	30.3	30.5	0.2
Pima Health System & Services	586.5	256.5	-	(256.5)
Total Health Services	984.5	668.2	387.8	(280.4)
<u>Justice & Law Enforcement</u>				
Clerk of the Superior Court	212.3	212.0	214.1	2.1
Constables	13.0	13.0	13.0	-
County Attorney	457.5	467.9	485.9	18.0
Indigent Defense	202.8	206.7	206.4	(0.3)
Justice Court Ajo	10.6	11.6	11.0	(0.6)
Justice Court Green Valley	11.5	11.5	11.0	(0.5)
Justice Courts Tucson	135.1	136.0	138.2	2.2
Juvenile Court	530.8	525.7	492.3	(33.4)
Office of Court Appointed Counsel	14.6	21.1	36.5	15.4
Public Fiduciary	35.5	35.6	34.3	(1.3)
Sheriff	1,413.2	1,418.2	1,636.0	217.8
Superior Court	667.6	667.0	658.4	(8.6)
Total Justice & Law Enforcement	3,704.5	3,726.3	3,937.1	210.8

**ADOPTED FULL TIME EQUIVALENT POSITIONS
FISCAL YEARS 2010/2011 - 2012/2013**

Functional Area/Department	Actual 2010/2011	Adopted 2011/2012	Adopted 2012/2013	2012/2013 vs 2011/2012
<u>Public Works</u>				
Capital Projects	4.0	5.0	5.0	-
Development Services	65.9	65.1	62.2	(2.9)
Environmental Quality	35.2	36.0	36.8	0.8
Facilities Management	168.0	168.0	169.0	1.0
Fleet Services	54.0	55.0	55.0	-
Natural Resources, Parks & Recreation	236.5	230.2	243.0	12.8
Office of Sustainability and Conservation	4.0	11.5	13.9	2.4
Public Works Administration	30.0	23.0	22.0	(1.0)
Regional Flood Control District	70.3	67.3	65.0	(2.3)
Regional Wastewater Reclamation	519.7	511.8	506.5	(5.3)
Solid Waste	33.5	28.5	27.1	(1.4)
Transportation	295.6	294.7	297.7	3.0
Total Public Works	1,516.7	1,496.1	1,503.2	7.1
TOTAL FUNCTIONAL AREAS	7,743.0	7,363.8	7,313.8	(50.0)

Pima County FY 2012/2013 Adopted Budget

Major net changes in Full Time Equivalent (FTE) positions from fiscal year 2011/12 to 2012/13 are explained in general below:

FTEs in County Administration increased by 3.5 or 0.4%. Major factors contributing to this net increase include:

- 6.0 FTE decrease in Information Technology from eliminating vacant positions
- 1.1 FTE increase in Procurement due to the addition of two Finance-PHS transition positions and the transfer of one position to Information Technology
- 2.0 FTE increase in Recorder for temporary workers on the special indexing project of historical records in the Recorder Document Storage and Retrieval Special Revenue Fund Department
- 3.0 FTE decrease in Finance & Risk Management mainly due to the elimination of PHS support positions
- 6.1 FTE increase in Office of Emergency Management & Homeland Security primarily due to the PCWIN Radio System and Emergency Communications & Operations Center becoming operational
- 3.5 FTE increase in Forensic Science Center primarily due to the implementation of a Medical Investigator System
- 0.2 FTE net increase in various other County Administration departments

FTEs in Community & Economic Development increased by 9.0 or 1.4%. Major factors contributing to this net increase include:

- 4.3 FTE decrease in Community Development & Neighborhood Conservation due to decrease in grant funding
- 5.4 FTE decrease in Community Services, Employment & Training due to the change in the method of budgeting intermittent positions
- 19.9 FTE increase due to the Oro Valley Library changing from affiliate status to branch status
- 1.0 FTE increase for a new program manager position to assist with Leased Properties
- 8.8 FTE decrease in the Kino Sports Complex as a result of the KVMCC transition to the YMCA
- 6.3 FTE increase in the Stadium District as a result of the KVMCC transition to the YMCA and transfer of personnel
- 1.0 FTE increase in School Superintendent for various educational program related duties

FTEs in Justice & Law Enforcement increased by 210.8 or 5.7%. Major factors contributing to this net increase include:

- 7.1 FTE net decrease in various Justice and Law enforcement special revenue fund and grant departments
- 6.0 FTE net increase in County Attorney general fund positions primarily due to positions needed to handle increased workload in the civil division.
- 14.8 FTE decrease in Juvenile Court general fund positions due to a decrease in Detention staff as a result of a County Administrator directed base budget reduction.
- 15.4 FTE increase in Office of Court Appointed Counsel General Fund departments' positions due to the transfer of funding from Contract Attorneys in order to handle representation of juvenile dependency cases
- 217.8 FTE increase in Sheriff General Fund positions due to the implementation of the new financial system which prohibits multiple filled positions; the increase was to ensure viable positions are present if needs arise

Pima County FY 2012/2013 Adopted Budget

- 1.3 FTE decrease in the Public Fiduciary primarily due to the transfer on a position to Information Technology

FTEs in Health Services decreased by 280.4 or 42.0%. Major factors contributing to this net decrease include:

- 0.2 FTE increase in Institutional Health due to an adjustment in hours
- 256.5 FTE decrease in Pima Health System and Services due to the sale of Posada del Sol and termination of all department operations.
- 24.1 FTE decrease in Health due to the ending of the Communities Putting Prevention to Work program

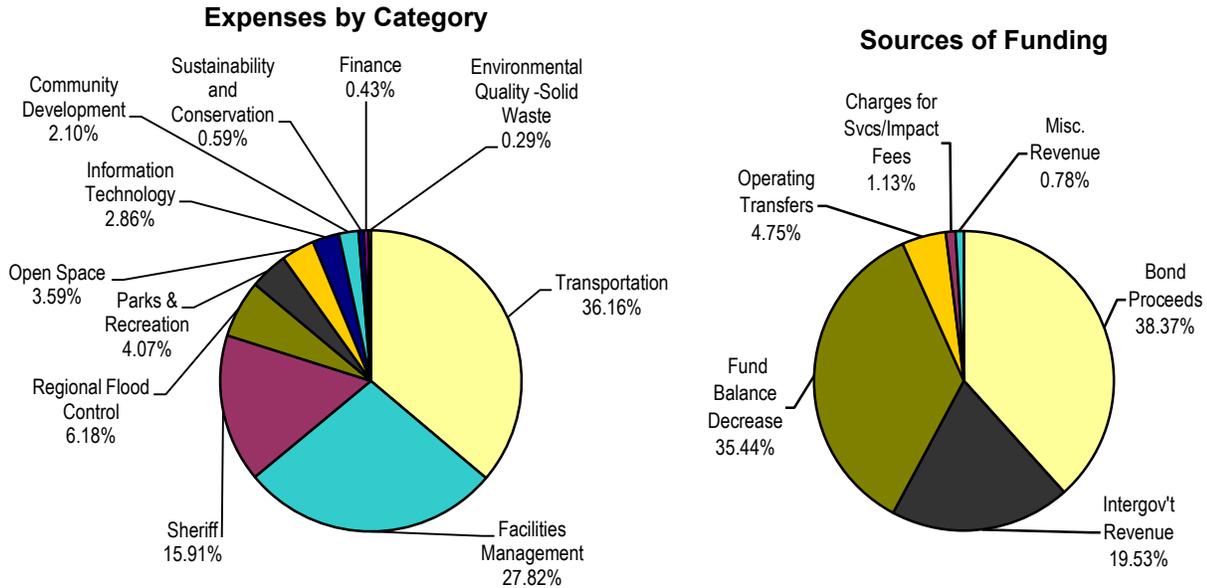
FTEs in Public Works increased by 7.1 or 0.5%. Major factors contributing to this net increase include:

- 12.8 FTE increase in Natural Resources, Parks & Recreation due to the change in the method of budgeting intermittent positions and a result of the KVMCC transition to the YMCA and the transfer of personnel
- 3.0 FTE decrease in Transportation mainly due to reducing hours of vacant positions and unfunding
- 5.3 FTE decrease in Regional Wastewater Reclamation due to unfunding 10.6 FTEs and offset by a 2.3 FTE increase for Summer Youth program and 3.0 positions transferred from Development Services
- 0.9 FTE increase in Environmental Quality due to additional hours
- 1.4 FTE decrease in Solid Waste Management due to unfunding 1.6 FTEs
- 1.0 FTE decrease in Public Works Administration due to the transfer of 1.0 FTE to Office of Sustainability and Conservation department
- 2.4 FTE increase in Office of Sustainability due to the transfer of 1.0 FTEs from Public Works Administration, 1.0 FTEs transfer from the Health Department, 0.4 FTE and 0.4 FTE new position
- 2.3 FTE decrease in Regional Flood Control due to unfunding
- 2.9 FTE decrease in Development Services due to the transfer of 3.0 FTEs to Regional Wastewater Reclamation

PIMA COUNTY CAPITAL IMPROVEMENT PROGRAM OVERVIEW

The following charts provide summary information for Pima County’s fiscal year 2012/13 adopted expenditures, revenues, and other funding sources for all Capital Projects Fund projects.

Pima County FY 2012/13 Capital Projects Fund¹



Expenses by Category

Transportation	\$81,049,405
Facilities Management	62,352,941
Sheriff	35,649,527
Regional Flood Control	13,843,587
Parks and Recreation	9,125,683
Open Space	8,035,151
Information Technology	6,408,822
Community Development	4,705,938
Office of Sustainability and Conservation	1,332,585
Finance	963,787
Solid Waste	660,000
Total	\$224,127,426

Sources of Funding

Other Funding: Bond Proceeds	\$86,000,000
Intergovernmental Revenue	43,773,313
Other Funding: Fund Balance Decrease	79,425,149
Other Funding: Operating Transfers	10,646,059
Charges for Services/Impact Fees	2,541,905
Miscellaneous Revenue	1,741,000
Total	\$224,127,426

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