

ADDENDUM MATERIAL

DATE 4-2-24

ITEM NO. ADD7

# Inside the Pima County Budget



PIMA COUNTY

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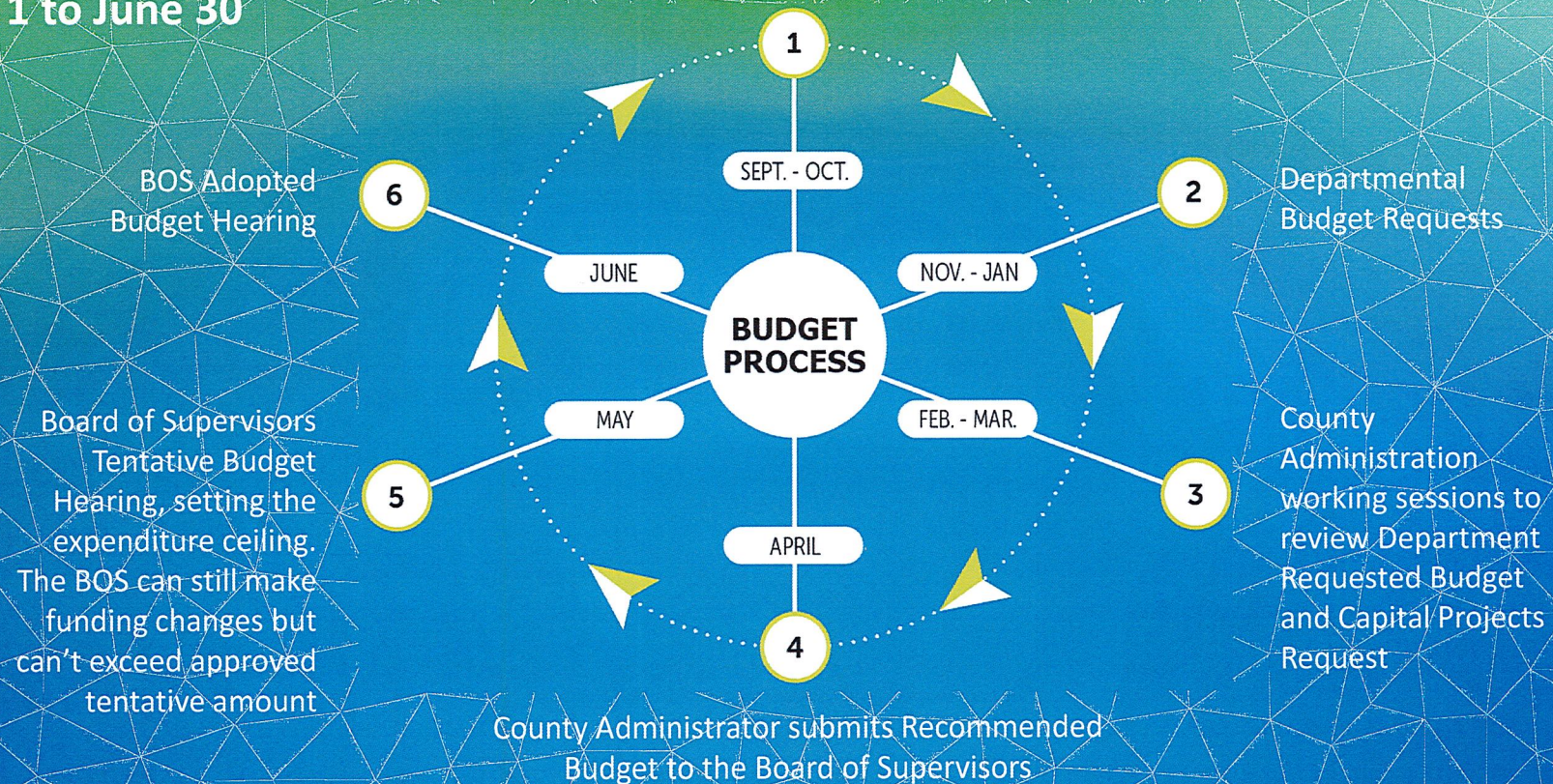
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# Writing and Adopting the County Budget

Arizona Fiscal Year:  
July 1 to June 30

Preliminary Forecasts and Budget Guidelines





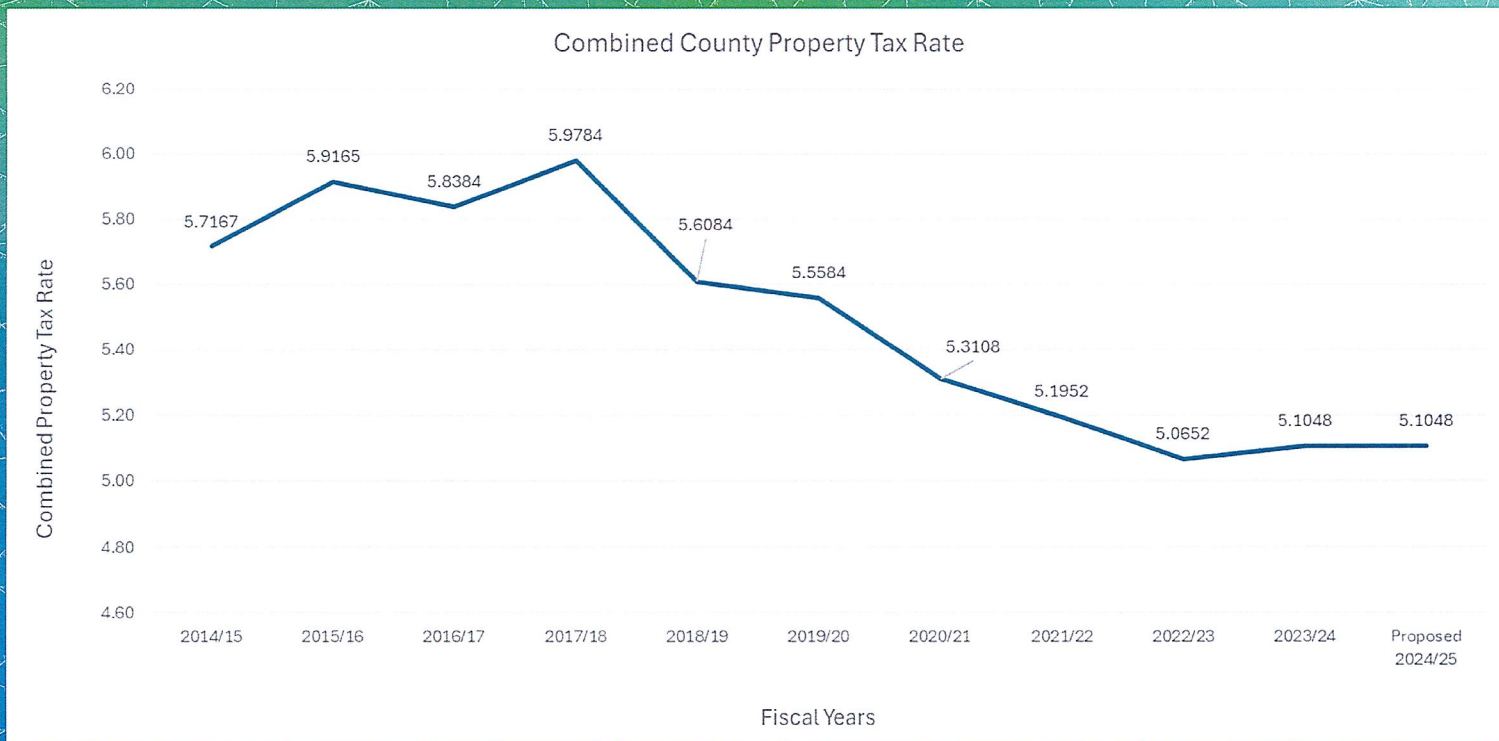
# Where does the money come from?

County revenue comes from:

- Primary Property Taxes
  - Funds most county services
- Secondary Property Taxes
  - Special Taxing Districts
    - Library
    - Flood Control
  - Bonds (borrowed funds) and other debt
- Enterprise funds
  - Wastewater fees
  - Development Services fees and licenses
- Other Funds
  - State shared revenues, mostly for roads
  - Grants
  - Fees for service



# Where does the money come from?



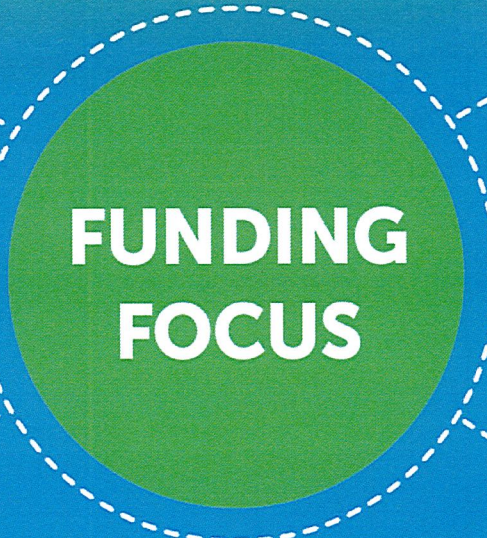


# Budget Focus Area

**PROMOTE  
CONSERVATION,  
SUSTAINABILITY AND  
CLIMATE RESILIENCY**



**PRIORITIZE CRITICAL  
INFRASTRUCTURE  
AND ECONOMIC  
GROWTH**



**EFFECTIVELY  
MANAGE CORE  
FUNCTIONS AND  
PROVIDE EXCELLENT  
SERVICE**

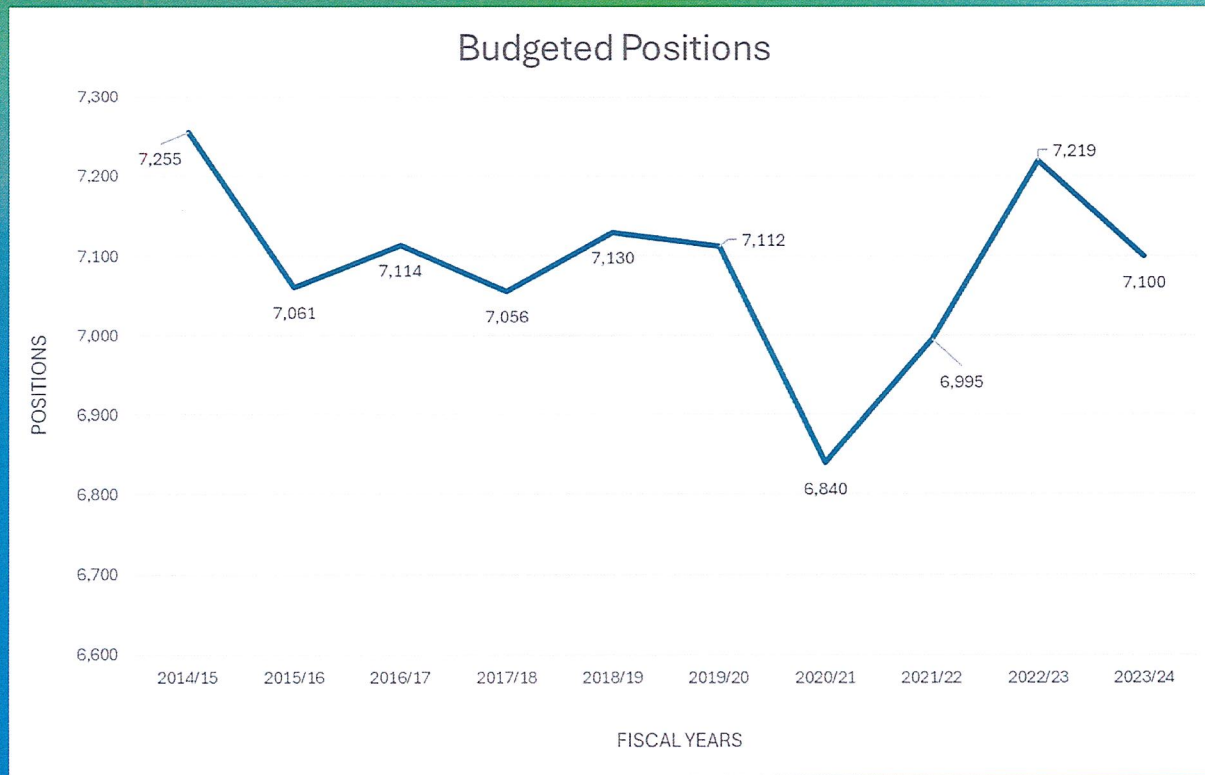


**IMPROVE THE  
QUALITY OF LIFE FOR  
PIMA COUNTY  
RESIDENTS**





# Budgeted Positions for the Past 10 Years





# **FY 2024/25 Funding Needs**

The Board and the County have established several funding priority areas:

- **Early Childhood Education (PEEPs)**
  - **Climate Action**
  - **Affordable Housing**
- **Raising overall community wealth (Prosperity Initiative)**
  - **County infrastructure**



# FY 2024/25: Moderate to high headwinds

Pima County Finance & Risk Management Department has been putting out a quarterly economic report since February of 2023 that is based on the tracking and analysis of impactful economic indicators.

Economic Indicator	Current Stage	Trending
Inflation	2	Unfavorable
Housing	0	Unfavorable
Retail Sales	0	Unfavorable
Gasoline sales	2	Unfavorable
Federal Funds Rate	2	Unfavorable
Unemployment	1	Unfavorable



# Pressures on the FY 2024/25 Budget:

- State budget uncertainties
  - State Cost Shifts
  - Funding Clawbacks
- Inflation
- Real Estate Market
  - The market affects property values which affects the County budget
    - A property's assessed value is multiplied against the various property tax rates to determine your tax bill and the County's tax revenue



# What to expect for FY 2024/25





# FY 2024/25 BUDGET ASSUMPTIONS

- Property Tax Revenues:
  - Application of BOS Policies:
    - D 22.12 – General Fund Capital Improvement Fund Pay-As-You-Go Program
    - D 22.13 – General Fund Impact of State Legislature Cost Shifts and Disclosure of these Cost Shifts to Taxpayers
  - Recommend keeping the overall tax rate unchanged from the prior year at \$5.1048
- General Fund Balance Reserve
  - D 22.14 – General Fund - Fund Balance



# FY 2024/25 BUDGET ASSUMPTIONS

	Actual NAV = \$10,646,893,610	Planning NAV = \$11,254,511,031	Planning NAV = \$11,254,511,031	
<b>Tax Rates</b>				
<i>Description</i>	<i>FY 2023/24 Adopted Rates</i>	<i>Scenario 1 : PAYGO Rates <u>with</u> 3.9M Cost Shifts</i>	<i>Scenario 2 : Same as #1 + Match FY2023/24 Total Rate</i>	<i>Difference from FY 2023/24 Adopted Rates</i>
<i>General Fund Primary</i>	\$ 3.6223	\$ 3.5820	\$ 3.6392	\$ 0.0169
<i>PAYGO</i>	\$ 0.3879	\$ 0.4598	\$ 0.4598	\$ 0.0719
<i>Total General Fund</i>	\$ 4.0102	\$ 4.0418	\$ 4.0990	\$ 0.0888
<i>Library District</i>	\$ 0.5493	\$ 0.5537	\$ 0.5537	\$ 0.0044
<i>Debt Service</i>	\$ 0.2200	\$ 0.1250	\$ 0.1250	\$ (0.0950)
<i>RFCD</i>	\$ 0.3253	\$ 0.3271	\$ 0.3271	\$ 0.0018
<b>TOTAL</b>	\$ <b>5.1048</b>	\$ <b>5.0476</b>	\$ <b>5.1048</b>	\$ <b>(0.0000)</b>



# State of the FY 2024/25 General Fund

	Adopted Budget 2024	Forecast Per 8 2024	Requested Budget 2025
<b>General Fund</b>			
Beginning Fund Balance	159,448,967	168,070,593	121,990,612
<b>Revenues</b>			
Primary Property Tax	429,637,466	428,067,989	464,111,577
Other Revenues	285,673,256	301,670,416	292,690,531
Operating Transfers In	5,082,815	5,120,067	15,705,388
<b>Total Revenues</b>	<b>720,393,537</b>	<b>734,858,472</b>	<b>772,507,496</b>
<b>Expenditures</b>			
Expenditures (Excluding Fund Balance Reserve)	(662,032,001)	(655,000,112)	(677,762,674)
Operating Transfers Out	(124,737,285)	(125,938,341)	(124,332,935)
<b>Total Expenditures</b>	<b>(786,769,286)</b>	<b>(780,938,453)</b>	<b>(802,095,609)</b>
<b>Revenues Over/(Under) Expenditures</b>	<b>(66,375,749)</b>	<b>(46,079,981)</b>	<b>(29,588,113)</b>
Fund Balance Reserve Per BOS Policy	93,073,218	97,945,766	97,945,766
<b>Ending Fund Balance</b>	<b>93,073,218</b>	<b>121,990,612</b>	<b>92,402,499</b>
<b>Unrestricted Ending Fund Balance</b>	<b>-</b>	<b>24,044,846</b>	<b>(5,543,267)</b>



# FY 2024/25 BUDGET CONSIDERATIONS

- Additional Requested Expenditures:
  - Phase 3 Implementation Class and Compensation
    - \$1 million
  - Departmental and Elected Official Supplemental Requests
    - \$11.6 million supporting the Focus Areas in the General Fund
- Deficit After Additional Expenses
  - \$18.2 million



# FY 2024/25 BUDGET CONSIDERATIONS

- Funding Options
  - Reduce or Eliminate Additional Expenditure Requests
    - Supplemental Requests
- Operational Reductions
  - 3% General Fund Departments
  - 1% General Fund Elected Official Departments