MEMORANDUM

Date: April 28, 2023

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Lesher
County Administrator

Re: **Transmittal of the Fiscal Year 2023/24 Recommended Budget**

Introduction

This memorandum presents the Fiscal Year (FY) 2023/24 Recommended Budget for Pima County, prioritizing urgent needs while maintaining fiscal responsibility. This budget includes the application of the following Board of Supervisors (BOS) policies, as detailed in the March 20, 2023, Fiscal Year 2023/24 Recommended Budget Framework memorandum, and further discussed at the April 4, 2023, BOS meeting:

- BOS Policy D 22.12 - General Fund Capital Improvement Fund Pay-As-You-Go Program
- BOS Policy D 22.13 - General Fund Impact of State Legislature Cost Shifts and Disclosure of these Cost Shifts to Taxpayers
- BOS Policy D 22.14 - General Fund - Fund Balance

For FY 2023/24, the comprehensive budget includes $1,760,492,343 in expenditures, reflecting a reduction of $172,220,636 or 8.9 percent reduction compared to the FY 2022/23 Adopted Budget. These expenditures are allocated across all functional areas: General Governmental Services, Community Resources, Health Services, Justice and Law, and Public Works.

The Governor and State Legislature have not adopted a State Budget for FY 2023/24 as of the date of this memorandum. It is anticipated that the final State Budget may have implications for the County's Budget and could potentially impact the recommendations made in this memorandum. Furthermore, additional relevant information may arise for the Board of Supervisors to consider as they deliberate on the budget prior to consideration of its final adoption on June 20, 2023.

Drafts of the working budget, including budgets submitted by all County departments, have been available on the County Budget website since March 6, 2023. These reports are regularly updated throughout the budget process and include the following:

- Recommended Summary by Object Reports for both revenues and expenditures;
- Recommended Detail Line Item by Unit Reports for revenues and expenditures;
- Recommended Positions by Unit.

These financial reports provide actual amounts for FY 2021/22, Adopted Budget amounts for FY 2022/23, year-to-date amounts for FY 2022/23 as of the report's date and

Recommended Budget amounts for FY 2023/24. Additionally, the reports include two columns of variances that highlight comparisons between the FY 2022/23 Adopted Budget and the FY 2023/24 Recommended Budget, as well as the FY 2022/23 Adopted Budget and the actual year-to-date revenues and expenditures for FY 2022/23.

In addition to these reports, the County Budget website includes budget-related communications issued to the Board and County departments throughout the FY 2023/24 budget process to date. This information can be accessed on the County's home page (www.pima.gov) by clicking the County Budget link under the "Government" section.

Significant dates in the budget adoption and tax levy processes are as follows:

May 16, 2023	Tentative Budget Adoption (Sets Budget Ceiling)
June 20, 2023	Truth in Taxation Hearing (Pima County, County Free Library, and Regional Flood Control)
June 20, 2023	Final Budget Adoption
August 21, 2023	Tax Levy Adoption (Date Set by State Statute)

The documents listed below will follow this budget memorandum:

- Budget schedules that show fund balances, expenditures, revenues, transfers and other financing sources.
- A summary of each department's budget, including a description of the budget at the program level.

A comprehensive approach was undertaken to formulate this recommendation for the County's base operating budget across all funds. This process involved scrutinizing expenses, exploring avenues for revenue enhancement, and reassessing the County's spending priorities.

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I. OVERVIEW OF RECOMMENDED BUDGET

The Recommended Budget for FY 2023/24 has been restructured to account for the County's utilization of federal and other grant funding received during the COVID-19 pandemic, which has supported various health, infrastructure, and community programs. As we transition out of this funding cycle, it is crucial to realign our budget to reflect our current financial situation. The Recommended Expenditure Budget for FY 2023/24 is set at $1,760,492,343. This expenditure amount represents a reduction of $172,220,636 or 8.9 percent compared to the Adopted Budget of FY 2022/23.

To optimize the use of County funds and promote transparency throughout the budget process, a base budget equivalent to the current Fiscal Year's budget was provided to all departments during this budget cycle. Requests for budgets exceeding the base budget were required to be submitted through a supplemental request. This change was implemented to thoroughly evaluate our current budget and identify opportunities for reallocating funds to better align with our strategic objectives. The process involved prioritizing areas with higher needs, investing in new programs or initiatives, and increasing funding for existing programs. Departments collectively submitted over $61 million in additional funding requests, of which nearly $44 million have been included in the Recommended Budget, with $7.8 million coming from the General Fund.

As we approach the conclusion of the Coronavirus State and Local Fiscal Recovery Funds and other large pandemic era programs, the Recommended Budget for FY2023/24 includes a reduction in grant expenditures. The remaining funds earmarked for these programs are reflected in the appropriate departmental budgets within the Grants Special Revenue Fund Additionally, $100 million has been set aside in the Finance Grants Contingency fund to accommodate potential new grant opportunities or emergency grants, such as those offered through the Infrastructure Investment and Jobs Act.

Similar to previous budgets, the County anticipates facing increased State cost shifts as the State continues transferring additional costs to counties. As already noted, the State Budget for FY 2023/24 has yet to be adopted by the Governor and the State Legislature. The final State Budget could potentially impact the County's Budget and may result in changes to the recommendations outlined in this memorandum.

Like many other employers in the region, the County faces economic pressures related to staffing levels, inflation, and increased interest rates. In response to these issues, the County has taken proactive measures to ensure preparedness for potential challenges. Given the current economic uncertainty and recent volatility, the County developed an Economic Decision Guide to help navigate through these challenging times. This guide outlines stages of concern and triggering events that prompt a series of steps to mitigate potential downturns before they escalate.

As part of its commitment to being an employer of choice, the County has allocated $14 million for General Fund Departments to implement the class and compensation study and $5 million for anticipated changes to the personnel hiring policies, such as an ability to hire an individual at more than the minimum salary authorized for the postion to which the individual is being hired. These measures reflect the County's focus on investing in its employees and addressing economic challenges proactively.

Additionally, a $5 million budget reserve has been set aside to assist departments, if needed in dealing with inflation.

To ensure a sufficient fund balance reserve, the Board of Supervisors approved BOS Policy D.22.14 General Fund - Fund Balance on October 4, 2022. This policy establishes a target level for the unrestricted fund balance within the General Fund, set at 17 percent of the previous year's audited operating expenditures. The target amount for FY 2023/24 is $93 million and has been included in the Recommended Budget as part of the County's commitment to maintaining a sound financial position.

BUDGET RECOMMENDATIONS

FY 2023/24 significant budget highlights include the following:

- The projected General Fund available ending balance for FY 2022/23 is $159,448,967. This amount represents the beginning fund balance for FY 2023/24 as stated in my Monthly Financial Forecast – February 2023 memorandum dated April 14, 2023.

- It is recommended that the FY 2022/23 ending fund balance be allocated to the following purposes:

Uses of the June 30, 2023 General Fund Ending Balance	
Available FY 2022/23 General Fund Ending Balance	**$159,448,967**
General Fund – Fund Balance Reserve - BOS Policy D 22.14	93,073,218
Potential Salary and Benefit Increases	14,000,000
General Fund Departmental Increases	10,406,866
Potential State Cost Shifts	7,900,000
General Fund Supplemental Requests	7,746,695
Benefit Cost Increases for FY 2023/24	7,067,650
Contingency for Inflation	5,000,000
Contingency for Personnel Policy Changes	5,000,000
Increases in Internal Service Fund Costs	4,018,310
Potential Elected Officials Retirement Plan (EORP) Increase	2,000,000
Corrections Officers Raises for FY 2024	1,700,000
Reduction in General Fund Revenue from Natural Resources Parks and Recreation	1,200,000
Sheriff's Recruitment and Retention Stipend Benefits for FY 2023/24	336,228
Total	**$ -**

- The FY 2023/24 Recommended Budget incorporates BOS policies D 22.12, D 22.13, and D 22.14, resulting in a General Fund primary property tax rate of $4.0102 per $100 of net assessed value. General Fund revenues and transfers-in are projected to be $720,393,537, representing an increase of $60,284,261 or 9.13 percent from the current year.

- General Government Revenues from all sources, excluding primary property taxes, are projected to increase by $28,287,822, primarily due to an increase in State Shared Sales Tax revenues.

- The net primary property tax base is projected to increase by 5.08 percent marking the ninth instance of growth in the past decade. Following the Great Recession, the County's primary net assessed value decreased by 15.9 percent from FY 2010/11 to FY 2014/15. The property tax base is projected to increase modestly over the next few years.

- At the recommended tax rate, General Fund primary property tax revenues from all sources are projected to increase by $34,087,296. Primary property tax revenues differ from the tax levy due to the impact of actual property tax collection rates, delinquent property taxes collected, and associated penalties and interest on delinquent property taxes.

- The General Fund expenditures and transfers-out for the FY 2023/24 Recommended Budget amount to $879,842,504, representing an $81,944,175 or 10.27 percent increase from the Adopted Budget of the current year.

- Existing State Budget cost shifts for FY 2023/24 have an annual budget impact of $112,048,178, accounting for 26.7 percent of the recommended General Fund primary property tax rate of $4.0102.

- As per BOS Policy D 22.14, the recommended General Fund Budget Reserve totals $93,073,218, which is equivalent to 17 percent of the previous year's General Fund audited operating expenditures.

- The FY 2023/24 Recommended Budget for the Library District, including operating costs, grants, and operating transfers-out, is set at $56,672,590, representing a decrease of $153,047 from the current year. Due to the application of BOS policy D 22.13, the secondary property tax rate is proposed to increase from $0.5453 in FY 2022/23 to $0.5493 per $100 of net assessed value.

- The FY 2023/24 Recommended Budget for the Debt Service fund is $103,035,321, a $3,768,753 increase from the current year. The Recommended Budget proposes reducing the secondary property tax rate from $0.3200 in FY 2022/23 to $0.2200 per $100 of net assessed value, resulting in a $0.1000 decrease in the tax rate.

- The FY 2023/24 Recommended Budget for the Regional Flood Control District, including operating costs, grants, and operating transfers-out, is set at $38,651,157, representing an increase of $2,197,768 from the current year, which includes an increase of $1,669,722 in the secondary property tax levy. The secondary property tax rate for Regional Flood Control would increase from $0.3235 in FY 2022/23 to $0.3253 per $100 of net assessed value.

- The recommended combined primary and secondary County property tax rate (excluding the Fire District Assistance Tax) is proposed to be $5.1048 per $100 of net assessed value, reflecting a $0.0396 increase from FY 2022/23, making the proposed tax rate the second lowest of the past 10 years. This results in a combined County levy (excluding the Fire District Assistance Tax) of $540,177,881, representing an increase of $30,079,349 from the current year. Below is the historical combined Pima County property tax rate for the last five years (excluding the Fire District Assistance Tax) as well as the recommended combined County Property tax rate for FY 2023/24:

    - FY 2018/19 $5.6084
    - FY 2019/20 $5.5584
    - FY 2020/21 $5.3108
    - FY 2021/22 $5.1952
    - FY 2022/23 $5.0652
    - FY 2023/24 $5.1048

- During this budget cycle, departments submitted over $61 million in supplemental funding requests. Out of these requests, almost $44 million are included in the Recommended Budget, with $7.8 million coming from the General Fund.

- The combined total recommended County expenditure budget for FY 2023/24 amounts to $1,760,492,343, reflecting a decrease of $172,220,636, or 8.9 percent, compared to the current year's Adopted Budget.

II. AREAS OF FOCUS

This section provides a summary of the major issues that have a significant impact on Pima County's FY 2023/24 Recommended Budget. More detailed information can be found in various memoranda available on the County Budget website under the County Administrator memoranda FY 2023/24 page.

A. Ensuring Financial Stability

Maintaining financial stability is crucial in the face of uncertain economic conditions. The FY 2023/24 Recommended Budget incorporates several Board of Supervisors (BOS) policies to ensure financial stability, including:

- BOS Policy D.22.12 - General Fund Capital Improvement Fund Pay-As-You-Go Program supports the transition from voter-authorized general obligation bond funding of capital improvement projects to a pay-as-you-go (PAYGO) program as part of the General Fund. This policy will lower the tax rate by $0.1106, while the net primary property tax base increase is expected to generate $14 million in additional property tax revenues.

- BOS Policy – D.22.13 General Fund Impact of State Legislature Cost Shifts and Disclosure of these Cost Shifts to Taxpayers evaluates and discloses the annual primary or secondary property tax levy for funding increased expenditures due to the State Legislature Cost Shifts. The FY 2023/24 Recommended Budget includes an increase in costs shifted to the County by the State of $15.9 million, which equates to an increase in the total property tax rate of $0.0396 and a total property tax revenue increase of $30 million, when combined with the PAYGO policy.

- BOS Policy D.22.14 General Fund - Fund Balance establishes a target level for the unrestricted fund balance within the General Fund of 17 percent of the previous year's General Fund audited operating expenditures. By maintaining an adequate unrestricted fund balance, the County can safeguard its favorable credit rating, ensure a stable tax rate to offset economic downturns, and have contingency funds available for emergency expenditures. This policy has been incorporated into the FY 2023/24 Recommended Budget, with a reserve of $93,073,218 allocated to the Contingency Fund.

In addition, the County has implemented the Economic Decision Guide, which provides a framework for monitoring and mitigating economic challenges. As part of the FY 2023/24 Recommended Budget, the County has taken proactive and strategic measures, including sweeping funding for certain positions and adding vacancy savings in the General Fund, resulting in savings of $3,493,394 and $5,898,911 respectively, to achieve a structurally balanced budget and sustain financial stability.

B. Creating and Maintaining Critical Infrastructure

Investing in and maintaining critical infrastructure and expanding affordable housing and open space is essential for providing necessary services and benefits to our community. The County relies on critical infrastructure to provide essential services necessary for daily operations, while acquiring and maintaining open space provides a range of environmental, social, and economic advantages. The FY 2023/24 Recommended Budget includes investments of $5 million for affordable housing, $2 million for open space acquisitions, and continued application of BOS Policy D.22.12 - PAYGO to fund various types of infrastructure.

C. Supporting Justice and Law Enforcement

Strong and thriving communities rely on effective Justice and Law Enforcement services. To further promote these services, the Board of Supervisors has formed a Blue-Ribbon Commission to assess options for the jail infrastructure. The FY 2023/24 Recommended Budget includes $500,000 for a study to determine viable options to address this need. In addition, the salaries of Corrections Officers were raised by 7.5

percent in December 2022, costing $1.7 million, which is incorporated into the Sheriff's Department's base budget adjustments for FY 2023/24. The County recognizes the impact of homelessness on public safety and is collaborating with justice system partners and the City of Tucson to identify crime reduction strategies.

D. Allocating State Cost Shifts

The shifting of the State of Arizona's Budget costs to Pima County continues to adversely impact the County's programs and services in FY 2023/24. The expected FY 2023/24 State cost shifts amount to $112 million, which is equivalent to 26.7 percent of the suggested General Fund primary property tax rate. Table 1 provides a comprehensive breakdown of these State cost transfers.

Table 1: Continuing FY 2023/24 State Cost Transfers to Pima County

Description	Cost to the County
Arizona Long-Term Care System	$56,396,600
Superior/Juvenile Court - Salaries and Benefits	21,052,306
Arizona Health Care Cost Containment System	16,920,700
Class 1 assessment ratio from 18% to 17% - Revenue Reduction	8,034,147
Behavioral Health System State Contribution	3,064,932
Justice Courts - JP Salaries and Benefits	1,958,304
State Juvenile Detention Shift	1,726,000
Restoration to Competency	1,329,426
Constables - Salaries and Benefits	1,020,736
Superintendent of Schools Accommodation District	340,375
Arizona Department of Revenue Operating Costs	204,652
Total	**$112,048,178**

E. Being an Employer of Choice

Becoming an employer of choice and fostering a supportive work environment is a priority for the County. The FY 2023/24 Recommended Budget includes investments of $14 million for the implementation of a class and compensation study and $5 million for anticipated changes to the personnel hiring policy aimed at attracting and retaining top talent.

F. Providing Employee Benefits

The County is anticipating an overall net increase of $6.4 million in FY 2023/24 County benefit costs compared to FY 2022/23, from $162.7 million to $169.1

million. The largest increase in benefit costs is included in the employer's share of health insurance premiums, which will go up by $3.1 million. This increase is driven by higher claims costs, with national medical and pharmaceutical rates increasing by 9.0 percent annually. To address these rising costs and maintain an adequate balance in the Pima County Health Care Benefits Trust fund, the County has increased rates for both employees and the County. Employee rate increases will vary depending on the selected coverage, ranging from $4.47 to $7.94 per pay period. Additionally, the County's share of health insurance premiums has increased by 9.45 percent. At the December 6, 2022, Board of Supervisors meeting, the Board authorized an operating transfer of $8 million to offset the reserve shortage in the Health Benefits Trust Fund. For more detailed information, please refer to the December 6, 2022, Medical and Dental Insurance memorandum.

In addition to the increased medical costs, there are also increases to employer contributions made to our retirement plans. The County has six retirement plans which cover almost all of our employees, with most plans having multiple tiers based on the year an employee entered the retirement system. Table 2 below shows the percentages the County contributes for each covered employee and the increases between FY 2022/23 and FY 2023/24.

Table 2: Retirement Contribution Rates

Retirement Plan	FY 2022/23	FY 2023/24	% Increase
Arizona Retirement System	12.17%	12.29%	0.12%
Public Safety Retirement System*	21.24%	30.63%	9.39%
Corrections Officers Retirement System*	8.21%	10.57%	2.36%
County Attorney Investigator Retirement*	67.60%	79.13%	11.53%
Elected Official Retirement System	61.43%	76.51%	15.08%
Admin Office of the Court Retirement System*	38.49%	41.94%	3.45%

* Each of these plans has multiple tiers and rates. The listed rate is for newest employees.

G. Managing County Staffing

The overall County workforce has decreased by 1,296 Full-Time Equivalents (FTEs), or 15.4 percent, from its peak staffing in FY 2007/08 when budgeted FTEs totaled 8,396. For FY 2023/24, the total budgeted FTEs decreased by 118 from FY 2022/23. The majority of the changes were from the following departments:

- A reduction of 39 FTEs within Community & Workforce Development primarily resulted from reduced resources in the Emergency Rental Assistance federal program as funding is exhausted.

- A reduction of 16 FTEs within the Library, primarily due to re-evaluating operational needs while ensuring the highest quality of Library services.

- A reduction of 13 FTEs within Health due to completion of many COVID-era grants and related programs. However, the department continues to re-evaluate priorities and seek external funding opportunities.

Table 3 below illustrates the year-over-year changes in the funded FTE counts within the County since FY 2018/19, many of which are due to the fluctuations in budgeted FTEs that may have been the result of the impacts of the COVID-19 pandemic.

Table 3: Total Budgeted FTE Positions, FY 2018/19 Adopted Budget through FY 2023/24 Recommended Budget

Fiscal Year	Budgeted FTEs	Change in Budgeted FTEs	Cumulative Change in Budgeted FTEs
2018/19	7,129		
2019/20	7,112	(17)	(17)
2020/21	6,840	(272)	(289)
2021/22	6,995	155	(134)
2022/23	7,219	224	90
2023/24	7,100	(118)	(28)

III. GENERAL FUND ENDING FUND BALANCE FOR FY 2022/23

The recommended General Fund ending balance for FY 2022/23 is projected to be \$159,448,967, resulting from decreased expenses and higher-than-anticipated general government revenues. This represents an increase of \$118,271,163 over the FY 2022/23 budgeted General Fund Reserve of \$41,177,804, equivalent to 17 percent of the FY 2021/22 General Fund audited operating expenditures, in accordance with BOS Policy D 22.14. The ending fund balance will serve as the FY 2023/24 Beginning Fund Balance.

To review the recommended uses of the projected June 30, 2023, General Fund ending balance, please refer to the Budget Recommendations section within the Overview of Recommended Budget section of this memorandum. This available balance will be allocated towards the General Fund Reserve, one-time allocations, and departmental budget increases as recommended.

IV. GENERAL FUND SUBMITTED BASE BUDGET FOR FY 2023/24

A. General Fund Base Budget Revenues

As stated in the March 20, 2023, Fiscal Year 2023/24 Recommended Budget Framework memorandum to the Board of Supervisors, the FY 2023/24 Recommended Budget for General Fund revenues is impacted by several existing Board of Supervisor policies, including:

- BOS Policy D 22.12 - General Fund Capital Improvement Fund Pay-As-You-Go Program
- BOS Policy D 22.13 - General Fund Impact of State Legislature Cost Shifts and Disclosure of these Cost Shifts to Taxpayers
- BOS Policy D 22.14 - General Fund - Fund Balance

Applying these policies increases the recommended primary property tax rate by $0.1338 from $3.8764 in FY 2022/23 to $4.0102 for FY 2023/24 per $100 of taxable net assessed value.

Below is a brief discussion of each category of projected General Fund base revenues.

1. General Government Revenues Other Than Property Taxes

The projected base budget for FY 2023/24 anticipates General Government revenues, excluding primary property taxes, to be $248,306,361, representing a 13.41 percent increase of $29,366,646 compared to the current year's Adopted Budget.

The main source of revenue in this category is the State Shared Sales Tax, which is expected to increase by $26 million, or 16.88 percent, to $180 million. Projections based on taxable sales by the University of Arizona Economic and Business Research Center indicate that retail and restaurant sales will remain strong in FY 2023/24, despite the Federal Reserve's interest rate hike aimed at curbing inflation. Furthermore, the pooled interest on investments is also expected to improve, with an overall gain of $3.7 million as the Federal Reserve's interest rate increase has resulted in higher yields on the General Fund cash balance.

2. Primary Property Tax Revenues

a. Annual Five-percent Cap on Taxable Net Assessed Value Increases

In 2012, Arizona voters approved a Constitutional amendment that substantially limits future overall appreciation of the existing property tax base. The amendment enforces a five percent ceiling on the rise of taxable net assessed value from one year to the next, whereas previously, the increase in taxable net assessed value was determined by the market.

b. Primary Property Tax Revenues

For FY 2023/24, the taxable net assessed value amounts to $10.6 billion, indicating a net gain of $514.3 million or 5.08 percent from the current year. This increase marks the ninth consecutive year of growth in taxable net assessed value. The market value of existing property is expected to rise by approximately 3.62 percent in FY 2023/24, while new construction will add about 1.41 percent to the property tax base.

To continue the PAYGO program for road repair and other capital projects, cover state cost transfers on the County, and maintain the targeted unrestricted General Fund balance, it is recommended that the County's General Fund primary property tax rate be raised to $4.0102 for every $100 of taxable net assessed value. This rate will produce a General Fund primary levy of $427.0 million, representing a $34.2 million or 8.7 percent increase from the amount levied in the Adopted Budget of the FY 2022/23 year.

In addition to the collection of current-year property taxes, the County also receives revenues from the payment of delinquent property taxes from prior years, along with associated interest and penalties. Combined with the projected primary property tax collection for the next fiscal year, the total base General Fund property tax revenues expected for FY 2023/24 is $429.6 million. This amount represents $34.1 million or 8.6 percent more than the total General Fund primary property tax revenue approved in the FY 2022/23 Adopted Budget. The difference between the levy amount and the revenue collected is due to additional revenue generated from delinquent taxes, penalties, and interest from previous years, partially offset by accounting for a current year collection rate of less than 100 percent for this year's primary levy.

Each year, the State Truth in Taxation statute determines the County's neutral primary property tax levy and the corresponding tax rate. The neutral levy and tax rate are defined as the previous year's levy plus the additions to the tax base from new construction. As per the statute, the County's neutral primary tax rate for FY 2023/24 is $3.7411 for every $100 of taxable net assessed value, which is $0.2691 less than the recommended General Fund primary tax rate of $4.0102, resulting in a difference of $28.7 million or 7.2 percent in levy amount. If the Board approves the recommended primary tax rate, the County is required to hold a Truth in Taxation hearing before finalizing the budget adoption. This will be the fifth consecutive year for such a hearing to be held.

The benchmark set by the State Truth in Taxation statute is more stringent than the County's Maximum Allowable Primary Levy Limit, which is linked to a moderate annual inflation rate of two percent as stipulated in the Arizona Constitution. As per the Maximum Allowable Primary Levy Limit, the County can increase its primary rate to $4.8199, which is $0.8097 higher than the recommended General Fund rate. Consequently, the constitution-imposed levy limit is $513.2 million, surpassing the recommended primary property tax rate by $86.2 million or 20.2 percent.

3. Departmental Revenues

For FY 2023/24, expected department base budget changes in General Fund revenues are projected to total $30.4 million, representing a net decrease of $4.5 million from the current year's budget.

The following are notable reductions in base General Fund Departmental Revenues:

- $1.6 million decrease in fee revenues from the Recorders Office, primarily due to the softening of the housing market

- $1.2 million decrease in Natural Resources, Parks & Recreation due to the transfer of fee revenues from the General Fund to the Special Revenue Fund, as approved by the Board

B. General Fund Submitted Base Budget Expenditures (before recommended adjustments)

The General Fund-supported base budgets for expenditures and transfers-out require a total funding of $764,414,896 in FY 2023/24. This amount is calculated by adjusting the FY 2022/23 Adopted Departmental Budgets for increased benefit costs, grants match, impacts to base costs as per Board Adopted Budget policies and prior Board directives, and decreases in base one-time expenditures for the current year. Further details on specific base expenditure adjustments can be found in the individual department analyses that will be transmitted following this memorandum.

V. RECOMMENDED ADJUSTMENTS TO GENERAL FUND BASE EXPENDITURES

A. Financial Stability

As previously mentioned in the "Areas of Focus" section, the FY 2023/24 Recommended Budget prioritizes financial stability in light of current economic uncertainty. As outlined in Table 4, the recommended adjustments to the General Fund base budget below illustrate the proactive measures being taken to attain this objective:

- A General Fund Budget Reserve of $93,073,218 represents 17 percent of the previous year's General Fund audited operating expenditures, as set by BOS Policy D 22.14

- An inflation contingency of $5 million to assist General Fund departments dealing with inflationary impacts

- A reduction of $5,898,911 from the application of two months of vacancy savings to all departments within the General Fund

- A reduction of $3,493,394 realized from sweeping the funding for all positions that have been vacant for more than 365 days in General Fund departments

B. Employer of Choice

The FY 2023/24 Recommended Budget also emphasizes the County's commitment to becoming an employer of choice, recognizing that our workforce's talent, skills, and dedication are crucial to our success. As such, the following General Fund base budget increases within the Contingency Fund are proposed to support this commitment:

- $14 million for the implementation of the class and compensation study

- $5 million for anticipated changes to the personnel hiring policies

Non-General Fund Departments will be required to absorb class and compensation study and hiring policy change increases into their Adopted FY 2023/24 Budget.

C. Supplemental Increases

To promote transparency in the budget process and ensure effective allocation of limited General Fund resources, it was mandated that any budget request exceeding the amount budgeted for FY 2022/23 be submitted through a supplemental request. Accordingly, the FY 2023/24 Recommended Budget includes $7,746,695 in General Fund supplemental requests to allocate resources to areas with the most urgent need. For a comprehensive list of the recommended supplemental requests, please see section 11 of the Recommended Budget.

Table 4: Recommended Adjustments to FY 2023/24 Submitted Base Expenditures and Operating Transfers-out

Proposed FY 2023/24 Base Expenditures and Operating Transfers-out	**$764,414,896**
General Fund Budget Reserve	93,073,218
Class and Compensation Study	14,000,000
Personnel Hiring Policies	5,000,000
Inflation Contingency	5,000,000
Supplemental Increases	7,746,695
Two Months of Vacancy Savings	(5,898,911)
Over 365 Days Vacant Position Funding Sweep	(3,493,394)
Total FY 2023/24 Recommended Expenditures and Operating Transfers-out	**$879,842,504**

The Recommended General Fund Budget totals $879,842,504, which includes $755,105,219 in expenditures and $124,737,285 in operating transfers-out to other County departments and funds.

VI. THE OVERALL BUDGET

A. Special Districts and Debt Service

1. County Library District

The Library District is funded by a dedicated secondary property tax and provides services to the entire County. The FY 2023/24 budget for the Library includes the operation of 26 branches, a Main Library, a nonprofit support center, a bookmobile, and a range of online services. These online services include a dynamic web portal, "Ask a Librarian," Infoline, online homework assistance, employment and career resources, full-text magazine and journal articles, as well as downloadable e-books, audiobooks, videos, and music.

The Library's collection comprises 1.2 million cataloged items that are expected to be borrowed 7 million times within a year. Additionally, it provides 1,200 computers that generate 1.5 million computer sessions used by the public. Prior to the pandemic, an average of 5.5 million guests visited a Library annually.

The County Library District property tax base has increased for the ninth consecutive year, with a projected increase of 5.08 percent in FY 2023/24 due to the increase in the net assessed values.

The FY 2022/23 Recommended Budget for operating costs, grants, and operating transfers-out is $56,672,590. The Budget will cover increased operating expenses, including salaries and benefits, other internal service charges, and maintenance costs.

For the fourth consecutive budget year, $0.0400 of the Library tax rate is dedicated to Library Pay-As-You-Go Capital Improvement. Six PAYGO Library Capital Improvement Projects are scheduled for FY 2023/24, along with ongoing upgrades to library interiors, exteriors, parking lots, and electric vehicle charging stations. The Library Capital Improvement Projects include expanding the Martha Cooper Library, the Richard Elias - Mission Library, and the Himmel Library, as well as renovating them. Furthermore, library network and hotspot improvements are also part of the plan.

In FY 2021/22, the County initiated the Pima Early Education Program (PEEPs) with the aim of increasing the enrollment of income-eligible 3 to 5 year-old children in evidence-based high-quality preschools. The program is presently funded by the American Rescue Plan Act until FY 2024/25.

It is recommended that the Library District's secondary property tax rate for FY 2023/24 be set at $0.5493 per $100 of taxable net assessed value, which represents a $0.0040 increase from the previous year. This increase is due to the implementation of BOS Policy D 22.13 – State Cost Shifts, specifically the continued revenue reductions related to the Class 1 assessment ratio. This proposed tax rate is expected to generate $58,131,122 in revenue and an additional projected $2,112,019 from fines, interest, grants, and other miscellaneous sources.

2. Regional Flood Control District

The Regional Flood Control District (RFCD) property tax base is projected to increase for the ninth consecutive year, with a 5.05 percent rise in taxable net assessed value expected for FY 2023/24.

In addition, the recommended RFCD budget for the upcoming fiscal year includes operating transfers-out of $21,039,104, which marks an increase of $3,061,116 compared to the current year. These transfers include the following:

- $18,000,000 transfer to the Capital Projects Fund to fund the District's Pay-As-You-Go Capital Improvement Program
- $2,650,000 transfer to the Capital Projects Fund to fund the Big Horn Fire Flood Hazard Mitigation Program
- $189,602 to the Stadium District for operating and maintenance costs of the Kino Environmental Restoration Project
- $119,502 to the Debt Service Fund for the Enterprise Resource Planning System replacement
- $80,000 in funding for the County's Native Plant Nursery

The Regional Flood Control District's fiscal year 2023/24 secondary property tax rate is recommended to be $0.3253 per $100 of taxable net assessed value, representing a $0.0018 increase from the previous year. This increase is due to the implementation of BOS Policy D 22.13 – State Costs Shifts, specifically the continued revenue reductions related to the Class 1 assessment ratio.

3. Debt Service Fund

The FY 2023/24 Recommended Budget for the Debt Service Fund totals $103,035,321, reflecting a $3,768,753 increase from the current fiscal year. This fund covers payments on the County's various debts, such as General Obligation, Street and Highway Revenue Bonds, Certificates of Participation, and Pledged Revenue Obligation. Most of these debts are relatively short-term and must be repaid within fifteen years.

a. General Obligation Debt Service

The County's General Obligation Debt Service is funded by a secondary property tax levy. Since the inception of the 1997 Bond Program, the debt service for new bond sales backed by the secondary tax levy has been balanced by ongoing reductions in debt service for outstanding bonds. The retirement of the 1997 bonds led to the issuance of new debt for 2004, 2006, and 2014 bonds. The final General Obligation Bond Authorization was issued in FY 2016/17. All General Obligation debt is expected to be paid in full by FY 2028/29.

The Recommended FY 2023/24 Tax Rate is $0.2200 per $100 of taxable net assessed value, a decrease of $0.1000 from FY 2022/23. This reduction aligns with BOS Policy D 22.12 - General Fund Capital Improvement Fund Pay-As-You-Go Program. The recommended debt service of $22,665,607 for FY 2023/24 will finance the existing debt service.

b. Street and Highway Revenue Debt Service

The 1997 Transportation Bond authorization provides for the sale of Street and Highway Revenue bonds, with the debt service repaid from the HURF revenues the Transportation Department receives from the State of Arizona. The recommended debt service amount for Street and Highway Revenue Bonds in FY 2023/24 is $11,295,116, representing a $1,824 increase from the current fiscal year, and will fund the current debt service.

c. Certificates of Participation Debt Service

The County's Certificates of Participation (COPs) debt service amount for FY 2023/24 is recommended to be $43,115,207, a decrease of $1,377,871 compared to the previous year. This debt service includes the COPs issued in prior years for the construction or acquisition of various County facilities such as the Public Service Center and Parking Garage, the Historic Courthouse, Kino South Sports Complex, the Defense Services Building, Valencia Road Bridge and the Transportation Road Repair and Pavement Preservation Program. It is important to note that the COPs debt service is not paid from the General Obligation debt service tax levy but from other available funds, such as General Fund, PAYGO, Parking Garage and Stadium proceeds, Impact Fees, etc.

d. Pledged Revenue Obligation Debt Service

The Pledged Revenue Obligation debt service amount for FY 2023/24 is $25,959,390, representing an increase of $14,852,609 from the previous fiscal year. This debt was issued in FY 2020/21 as a one-time measure to address unfunded pension liabilities associated with the Public Safety and Correction Officer Retirement Plans. The repayment of this debt is sourced from a portion of the State Shared Sales Taxes, County Excise Revenues, Payments in Lieu of Property Taxes, and the General Fund portion of the State Vehicle License Tax.

e. Sewer Debt Service

In addition to the debt service included in the Debt Service Fund, Pima County has additional debt service in the Regional Wastewater Reclamation Enterprise Fund. This debt service is paid for with sewer system revenues with no impact on the overall Debt Service Tax Rate. As of June 30, 2023, the outstanding sewer debt will be $368,525,000. Sewer infrastructure debt accounts for about 50 percent of all County Capital Improvement Program debt.

4. Overall Pima County Debt

Pima County utilizes several types of debt, such as General Obligation, Street and Highway, Certificates of Participation, and Sewer Revenue Obligations, to finance its Capital Improvement Program. The County's debt is not a traditional long-term debt but a relatively short-term debt limited to 15-year repayment schedules.

In FY 2012/13, Pima County's debt for capital projects peaked at $1.35 billion from all sources. However, because the County limits this type of debt to 15-year repayment schedules, the current Capital Improvement Program debt is expected to decrease to approximately $732.1 million by the end of FY 2022/23. By the end of FY 2023/24, the projected total debt for the Capital Improvement Program is expected to be $705.9 million. This amount includes $40 million in Certificates of Participation for different projects like the new San Xavier Substation, Office of the Medical Examiner Building, and the Enterprise Resource Planning (ERP) System Replacement, as well as $55 million in Sewer Revenue Obligations for Regional Wastewater Reclamation projects.

B. General Fund Pay-As-You-Go Capital Improvement Funding (PAYGO)

The current budget allocates $41,299,300 for the PAYGO Program as mandated by BOS Policy D 22.12 General Fund Capital Improvement Fund Pay-As-You-Go Program. Out of this, $16,299,300 is designated for capital improvement projects. The remaining amount is for the repayment of the $150 million advanced for pavement preservation in $50 million increments over FY 2020/21, FY 2021/22, and FY 2022/23. The FY 2023/24 PAYGO allocation was determined by utilizing sixty percent of the decrease in the current secondary tax rate and sixty percent of the increase in the tax base, with the remaining unobligated tax value reducing the combined tax rate. The PAYGO Program's objective is to repair roads within ten years ending in FY 2029/30, provide funding for General Fund capital improvement projects and initiatives subject to Board approval, reduce debt interest expenses, and lower the combined County property tax rate. The program depends on rapidly paying off the general obligation bond debt in the next few years, reducing the demand for the secondary tax rate.

The PAYGO General Fund Capital Improvement Fund aims to fund the capital program at a zero-dollar level for debt service payment once all General Obligation Bond Debt has been fully retired. However, to adhere to the constitutionally imposed expenditure limit, the County will still use short-term debt instruments for annual capital financing. The County will continue to issue longer-term Certificates of Participation for large-scale capital projects like the new San Xavier Substation, Office of the Medical Examiner Building, and the ERP System Replacement. Table 5 displays the FY 2023/24 secondary property tax levy for debt service and the PAYGO calculation.

Table 5: FY 2023/24 General Fund Pay-As-You-Go Primary Tax Levy	
Debt Service[1] Secondary Tax Collection Rate	0.2200
Secondary Tax Levy Decrease[2]	0.1000
60% of Decrease[3]	0.0600
Primary PAYGO Levy from Cumulative Debt Service Rate Reductions	$30,024,240
Primary PAYGO Levy from 60% of FY 2023/24 NAV Increase	11,275,060
Total Available for PAYGO[4]	**$41,299,300**

[1] Secondary property tax rate necessary to pay principal and interest payments for all County outstanding general obligation bond debt.
[2] Year-to-year secondary debt service tax rate difference.
[3] As the debt service tax rate decreases, sixty percent of the decrease will be used to build the PAYGO general fund. The remaining forty percent will be used to decrease the overall County tax rate.
[4] FY 2023/24 amount available in the PAYGO fund.

In each of the past three fiscal years, Transportation's Road Repair and Pavement Preservation program received $50 million, which is being repaid by the Transportation allocation from the General Fund PAYGO program. The total amount allocated for payment preservation from PAYGO was not increased, only accelerated.

General Fund PAYGO projects budgeted within the Capital Projects Fund include $16,299,300 in proposed PAYGO funds. Projects considered for using this funding source were defined via the Integrated Infrastructure Plan that identified capital needs throughout the County. A prioritization matrix was used, as outlined in Table 6. Projects selected to use PAYGO funding met one or more major benefit areas. These funds have been applied to projects within Community & Workforce Development, Facilities Management, the Recorder's Office and Natural Resources, Parks and Recreation, including open space acquisitions. Projects selected were fully funded by this year's PAYGO allocation, even if planned over multiple years.

Below is the list of proposed projects to be funded with PAYGO funds.

- Community & Workforce Development - Affordable housing
- Parks & Recreation – Open space conservation land acquisitions
- Parks & Recreation – Deferred maintenance at various parks and facilities
- Parks & Recreation – Reclaimed water conversion at Arthur Pack Park
- Facilities Management – Recorder's office space evaluation and renovation
- Facilities Management – Energy-efficient HVAC replacements
- Facilities Management – Electric vehicle charging stations & solar projects
- Facilities Management – Main jail facility assessment and study
- Facilities Management - Replace chillers at the Kino Service Center

Table 6: Prioritization Matrix for PAYGO Projects Across Departments

Benefit	Key Goal
Safety, Regulatory Compliance, Risk Avoidance, Emergency Response	SAFETY
Depreciation, Life Cycle, Age of Facility	LIFE CYCLE
Return on Investment, Cost-benefit Analysis, Operating Cost, Maximize Previous Investment, Integrated Facilities	ROI
Environmental Protection, Community Health, Changing Public Needs, Future Compliance Need	COMMUNITY
Economic Development, Regional Needs, Partnerships, Public Expectation, Administrative Directive	ECONOMIC
Level of Service, Capacity Needs, Community Enhancement	CAPACITY

Currently, the target for the PAYGO program in future years is to generate $50 million per year of recurring revenues to pay for the County's capital improvement projects as the General Fund transfer to the road repair program is reduced with the scheduled FY 2029/30 completion of the 10-year road repair plan.

C. Pavement Preservation and Repair Funding

In FY 2023/24, the Transportation Department's Recommended Budget will allocate $20 million in state-shared gas and vehicle license tax revenue funding for the Road Repair and Pavement Preservation Program. When combined with the investments made since PAYGO's inception in FY 2019/20, the total investment in pavement repair totals $273.8 million. This includes the acceleration of $90 million from PAYGO from inception through FY 2023/24.

D. Annual Capital Projects Fund Budget and Capital Improvement Plan Budget

As outlined in Table 7, the FY 2023/24 recommended Capital Improvement Plan totals $232,552,030. This plan includes the Capital Projects Fund Budget of $171,687,795, Capital Projects of Regional Wastewater Reclamation of $54,537,518, Information Technology – Internal Service Fund of $5,252,000, and Fleet Services of $1,074,717. For a comprehensive list of projects within the Recommended Capital Improvement Plan, please refer to the Capital Projects section of this Recommended Budget Book.

Table 7: FY 2023/24 Recommended Capital Improvement Plan

Capital Improvement Plan	FY 2022/23 Bond and Non-Bond Project Budgets	FY 2023/24 Bond and Non-Bond Project Budgets	Difference	1997 Bonds	Non-Bonds
Capital Projects Fund					
Facilities Management	$ 64,680,000	$ 76,478,711	$ 11,798,711	-	$ 76,478,711
Transportation	41,135,227	23,691,738	(17,443,489)	$ 9,211,750	14,479,988
Flood Control District	20,748,750	20,994,598	245,848	-	20,994,598
Stadium District - Kino Sports Complex	11,992,000	11,350,000	(642,000)	-	11,350,000
Analytics & Data Governance	11,000,000	12,421,500	1,421,500	-	12,421,500
Parks & Recreation	10,377,806	11,817,173	1,439,367	-	11,817,173
Sheriff	5,378,616	7,223,654	1,845,038	-	7,223,654
Environmental Quality	5,350,000	1,500,000	(3,850,000)	-	1,500,000
Information Technology	2,264,000	2,164,000	(100,000)	-	2,164,000
Capital Program Office	2,177,500	1,618,421	(559,079)	-	1,618,421
Office of Sustainability & Conservation	2,080,000	2,428,000	348,000	-	2,428,000
Community & Workforce Development	-	-	-	-	-
Total Capital Projects Fund	**$ 177,183,899**	**$ 171,687,795**	**$ (5,496,104)**	**$ 9,211,750**	**$ 162,476,045**
Wastewater Reclamation	54,119,868	54,537,518	417,650	-	54,537,518
Information Technology - Internal Service Fund	5,042,000	5,252,000	210,000	-	5,252,000
Fleet Services	1,600,000	1,074,717	(525,283)	-	1,074,717
Total Capital Improvement Plan	**$ 237,945,767**	**$ 232,552,030**	**$ (5,393,737)**	**$ 9,211,750**	**$ 223,340,280**

1. Capital Projects Fund Budget

   The Recommended Capital Projects Fund Budget for FY 2023/24 totals $171.7 million, a decrease of $5.5 million or 3.1percent from the current year's budget of $177.2 million. Out of the total Capital Projects Fund, $9.2 million is financed through 1997 bonds, and the remaining $162.5 million is covered by non-bond sources such as State Revenue, Regional Transportation Authority Sales Taxes, Impact Fees, Grants, Certificates of Participation (COPs), Library District, and General Funds.

   Facilities Management has budgeted $76.5 million for 19 projects. Of this year's Recommended Budget, $27.1 million is allocated for the continued construction of the new Office of the Medical Examiner Building and $16 million for the Northwest Service Center. A total of $11.4 million is included for the expansion of the Martha Cooper and Richard Elias Mission libraries along with $5 million for security replacements at the Adult Detention Center and $4.7 million for façade improvements at 130 W. Congress. The Northwest Service Center project is mostly financed through a grant from the American Rescue Plan, while COPs or department transfers finance the remaining projects.

   The Department of Transportation has budgeted $23.7 million for 20 projects. Among the projects are two City of Tucson projects funded with 1997 HURF Bonds for $9.2 million at 22nd Street I-10 to Tucson Boulevard and $4 million for Valencia Road Kolb to Houghton, and a Pima County $3.3 million project for Silverbell Road Blanco Wash Bridge. The FY 2023/24 Department of Transportation Capital Program funding includes $10.4 million in Impact Fees, $9.2 million in 1997 HURF Bonds, $2.5 million in Grants, and $1.6 million from various other funding sources.

   The Regional Flood Control District has budgeted $21 million for 23 projects. Those projects include $3 million for the City of Tucson Downtown Links Project, $3 million for Flood Prone Land Acquisitions, $2.7 million for Urban Drainage, $2.5 million for Continental Ranch Loop Restoration, and $2.1 million for Bighorn Fire Flood Hazard Mitigation. Except for Regional Wastewater funding for the Continental Ranch Loop Restoration and grant funds for the Bighorn Fire Flood Hazard Mitigation, these projects are primarily funded by District tax levy revenues.

2. Regional Wastewater Reclamation Capital Budget

   The Recommended Capital Budget for the Regional Wastewater Reclamation Department (RWRD) for FY 2023/24 totals $54.5 million, a $400,000 increase from the previous fiscal year. The capital program plan for FY 2023/24 will be funded using RWRD Sewer Revenue Obligations. Sewer conveyance system projects total $26.6 million, with $8.9 million allocated for the Second Force Main at the Continental Ranch Pump Station, $7.7 million for Minor Rehabilitation Projects, and $5.2 million for the Canoa Ranch Sewer Extension. Sewer treatment facility projects, on the other hand, total $27.4 million and include $13 million for the Class A Biosolids project and $8 million for System-wide Treatment Rehabilitation.

3. Information Technology - Internal Service Fund Capital Budget

For FY 2023/24, the Recommended Capital Budget for the Information Technology - Internal Service Fund totals $5.2 million, an increase of $200,000 from the previous fiscal year. The budget includes $3.3 million for Server Storage and $1.2 million for a Network Refresh. These projects will be funded through Information Technology - Internal Service Fund Operations.

4. Fleet Services Capital Budget

The FY 2023/24 Recommended Capital Budget for Fleet Services totals $1.1 million, a decrease of $500,000 from FY 2022/23. The Recommended Budget includes the Ajo Fuel Island project, which will be funded through Fleet Operations.

VII. COMBINED TOTAL COUNTY BUDGET

A. Combined County Property Tax Rate and Levy

The County's Recommended Budget expenditures are funded by a combination of primary and secondary property taxes, which fund 30.7 percent of the total budget. These taxes are the only County revenues over which the Board has significant control. The majority of the County budget is funded through charges for services and intergovernmental revenues, particularly State revenue sharing and grants.

Based on the application of the aforementioned Board policies, the primary property tax rate for the General Fund is proposed to be raised to $4.0102 per $100 of taxable net assessed value. This increase will result in a primary tax levy that exceeds the neutral primary levy mandated by State Truth in Taxation laws. The neutral levy tax rate for FY 2023/24 is $3.7411 per $100 of taxable net assessed value. Therefore, a Truth in Taxation hearing will need to be scheduled and conducted alongside the Final Budget Adoption process.

The County controls three secondary property tax rates associated with the Library District, Regional Flood Control District (RFCD), and Debt Service. It is recommended that the Debt Service property tax rate decrease by $0.1000 per $100 of taxable net assessed value, the RFCD rate increase by $0.0018 per $100 of taxable net assessed value, and the Library District rate increase by $0.0040 per $100 of taxable net assessed value. These changes, combined with the increased taxable net assessed values, will result in a $4.1 million reduction in secondary tax levies for FY 2023/24.

Similar to the County's primary property tax levy, the RFCD and Library District secondary property tax levies are subject to Truth in Taxation requirements. The effect on each district is outlined below:

For the Library District, the neutral secondary property tax rate for FY 2023/24 is $0.5263 per $100 of taxable net assessed value, while the recommended secondary property tax rate is $0.5493 per $100 of taxable net assessed value. If the Board approves the recommended rate, the Library District will need to issue a Truth in Taxation Notice and hold a public hearing on Truth in Taxation before final budget adoption, as required by statute.

For the RFCD, the neutral secondary property tax rate for FY 2023/24 is $0.3110 per $100 of taxable net assessed value, while the recommended rate is $0.3253 per $100 of taxable net assessed value. In accordance with the statute, if the Board approves the proposed tax rate, the RFCD will have to issue a Truth in Taxation Notice and hold a public hearing before the final budget adoption.

The result of these recommendations is a combined County property tax rate of $5.1048 per $100 of taxable net assessed value, an increase of $0.0396 from the FY 2022/23 tax rates. The FY 2023/24 recommended primary and secondary County tax rates are summarized in Table 8 below.

Table 8: Combined Recommended County Property Tax Rate

Description	FY 2022/23 Adopted Rates	FY 2023/24 Recommended Rates	Difference
General Fund Primary	$3.8764	$4.0102	$0.1338
Library District	0.5453	0.5493	0.0040
Debt Service	0.3200	0.2200	(0.1000)
RFCD	0.3235	0.3253	0.0018
TOTAL	**$5.0652**	**$5.1048**	**$0.0396**

Over the past five years, the County has steadily reduced its outstanding debt and transitioned to the General Fund PAYGO capital funding model. This approach has resulted in a considerable decrease in the combined County tax rate as shown in Table 9 below. The recommended tax rate of $5.1048 represents a 9.0 percent reduction, or a $0.5036 decrease, in the tax rate since FY 2018/19.

Table 9: Combined County Property Tax Rate

Fiscal Year	Total Tax Rate	Change in Tax Rate	Cumulative Change in Tax Rate
2018/19	5.6084		
2019/20	5.5584	(0.0500)	(0.0500)
2020/21	5.3108	(0.2476)	(0.2976)
2021/22	5.1952	(0.1156)	(0.4132)
2022/23	5.0652	(0.1300)	(0.5432)
Recommended 2023/24	5.1048	0.0396	(0.5036)

For the ninth consecutive year, there will be an increase in the value of the County's overall property tax base. As a result, the recommended rates mentioned above will be applied to a primary tax base that is 5.08 percent higher than the current year base. Similarly, secondary tax bases such as Debt Service and Library District will see an increase of 5.08 percent, while RFCD will see a slightly lower increase of 5.05 percent. These increases in the tax base, along with the recommended primary and secondary property tax rates, will result in a $30,079,349, or 5.9 percent, increase in the recommended combined County property tax levies compared to the current year levies, as displayed in Table 10.

Table 10: Combined Recommended County Property Tax Levy

Description	FY 2022/23 Adopted Levies	FY 2023/24 Recommended Levies	Difference
General Fund Primary	$392,781,054	$426,961,727	$34,180,673
Library District	55,253,201	58,483,387	3,230,186
Debt Service	32,424,398	23,423,166	(9,001,232)
RFCD	29,639,879	31,309,601	1,669,722
TOTAL	**$510,098,532**	**$540,177,881**	**$30,079,349**

B. Combined County Budget

The expenditure budget recommended for the County in FY 2023/24 totals $1,760,492,343, as reflected in the budget schedules and departmental budget summaries provided with this memorandum. This expenditure amount represents a reduction of $172,220,636, or 8.9 percent, from the FY 2022/23 Adopted Budget amount of $1,932,712,979.

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