



FY 15/16

Operating Budget Overview

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Overview of Discussion

- FY 14/15 – Overview (Current year review)
- FY 14/15 – FY 16/17 Projections/Cash Flow
- FY 15/16 – Budget Overview
 - Preliminary thoughts based on early projections
- BOS Direction



FY 14/15 Review

- State Sales Tax showing increase
- Local Sales Tax tracking per budget projection
- GF – VLT showing slight decrease
- Highways Revenue showing slight increase
- Turnover higher than projected
 - Vacancy savings ~ \$1.6M
- Overall FY 14/15 tracking as projected (Rev- Exp)



FY 15/16 – Cash Balances

- Cash Carry Forward (General Fund)

– FY 07/08 (Actual)	\$ 20,332,174	
– FY 08/09 (Actual)	\$ 21,385,903	
– FY 09/10 (Actual)	\$ 25,031,830	
– FY 10/11 (Actual)	\$ 29,849,173	
– FY 11/12 (Actual)	\$ 32,674,423	
– FY 12/13 (Actual)	\$ 30,217,046	
– FY 13/14 (Actual)	\$ 31,916,044	
• Available		\$ 10,916,044
• CCF to cover P/R, ALTCS, Ins., and Cont. (\$3M)	\$ 21,000,000	

- Cash Carry Forward (Other Funds) Beginning - FY 14/15

	<u>Cash</u>	<u>Restricted</u>	<u>Available</u>
– Flood Control	\$ 4,442k	\$ 4,442k	\$ 0
– HURF	\$ 4,950k	\$ 4,950k	\$ 0
– ½ Cent Sales Tax (Fund 400)	\$ 13,156k	\$ 959k	\$ 12,197k
– Other Funds	\$ 13,311k	\$ 13,311k	\$ 0
– Library	\$ 912k	\$ 912k	\$ 0



FY 14/15 – 17/18 Projections

<u>Item</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
Revenue	Change	Change	Change	Change
Property Tax	\$ (924,919)	\$ (500,000)	\$ 200,000	\$ 200,000
Sales Tax	400,000	100,000	100,000	100,000
VLT	-	(100,000)	(100,000)	50,000
FY 14/15 Shortfall	(424,000)	-	-	-
Total Change - Revenues	\$ (948,919)	\$ (500,000)	\$ 200,000	\$ 350,000
Expenses				
Retirement	\$ 557,000	\$ 300,000	\$ 300,000	\$ 300,000
Fuel	-	100,000	100,000	50,000
Health Insurance	-	300,000	300,000	300,000
Comp Plan	200,000	200,000	200,000	200,000
Utilities	35,000	50,000	50,000	50,000
ALTCS Pymt	100,000	200,000	200,000	200,000
Liability Insurance	100,000	100,000	20,000	20,000
Capital Cases	50,000	-	-	-
State Shifts	1,100,000	-	-	-
RTC	84,000	100,000	-	-
Jail OT	-	-	-	-
Total Change - Expenses	\$ 2,226,000	\$ 1,350,000	\$ 1,170,000	\$ 1,120,000
Total Shortfall/Fiscal Year	\$(3,174,919)	\$(1,850,000)	\$ (970,000)	\$ (770,000)



Cash Flow

FY 15/16 – FY 18/19

General Fund Budget Projections - FY 15/16 - FY 18/19

<u>Item</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
Total Shortfall/Fiscal Year	\$(3,174,919)	\$(1,850,000)	\$ (970,000)	\$ (770,000)
Cumulative Shortfall/Fiscal Year	\$(3,174,919)	\$(5,024,919)	\$(5,994,919)	\$ (6,764,919)



Budget Shortfall Options

- Shortfall projected to be \$3.2M
 - Hiring Freeze ~ 71 FTEs @ \$45k/FTE \$3.2M
 - Deputy costs ~ \$75k/FTE
 - Vacancy Savings (Projected FY 14/15) \$1.5M
 - Use of ½¢ Sales Tax (Hwys allocation) \$1.0M
 - Prop Tax Incr. ~ \$92,058k/1¢ (34.76¢) \$3.2M
 - Use Salary Savings for Comp Plan \$200k
 - Use Vacancy Savings \$1.1M
 - Use of GF – CCF (Reserves)
 - Use of ½ ¢ Sales Tax
 - Reserves and ongoing revenues



Budget (Cont'd)

- Current General Fund CCF \$32M
 - Cash Flow \$21M
 - Available \$11M

- ½¢ Sales Tax CCF \$13M
 - Elections Equipment \$ 1.0M
 - IT and Road Projects \$ 4.0M
 - Available \$ 8.0M



Property Tax History

	2011	2012	2013	2014	2015
Primary Valuation	\$ 1,049,827,355	\$ 1,038,327,080	\$ 1,006,475,403	\$ 955,783,522	\$ 920,583,366
Tax Rate	2.6276	2.6276	2.6276	2.6276	2.6276
Levy	\$ 27,585,264	\$ 27,283,082	\$ 26,446,148	\$ 25,114,168	\$ 24,189,249
1 cent =	\$ 104,983	\$ 103,833	\$ 100,648	\$ 95,578	\$ 92,058

Various Scenarios for 2015			
		Levy	Change - FY14/15
Max allowable tax rate	3.5764	\$ 32,923,744	\$ 7,809,576
TNT Rate	2.7569	\$ 25,379,563	\$ 265,395
Equal 2014 levy	2.7281	\$ 25,114,435	\$ 267
No increase to rate	2.6276	\$ 24,189,249	\$ (924,919)



Property Tax 20 Year History

<u>20 Year Property Tax History</u>					
Year	Net Primary Valuation	Tax Rate		Levy	1 cent =
1995	\$ 409,738,705	3.0309		\$ 12,418,770	\$ 40,974
1996	\$ 421,678,814	2.9995		\$ 12,648,256	\$ 42,168
1997	\$ 437,540,198	2.9873		\$ 13,070,638	\$ 43,754
1998	\$ 446,503,626	2.9873		\$ 13,338,403	\$ 44,650
1999	\$ 457,578,184	2.9873		\$ 13,669,233	\$ 45,758
2000	\$ 492,396,096	2.9373		\$ 14,463,151	\$ 49,240
2001	\$ 504,130,498	2.9373		\$ 14,807,825	\$ 50,413
2002	\$ 537,737,089	2.9373		\$ 15,794,952	\$ 53,774
2003	\$ 570,409,342	2.9373		\$ 16,754,634	\$ 57,041
2004	\$ 610,807,728	2.9373		\$ 17,941,255	\$ 61,081
2005	\$ 664,734,679	2.9373		\$ 19,525,252	\$ 66,473
2006	\$ 734,609,559	2.9160		\$ 21,421,215	\$ 73,461
2007	\$ 812,722,290	2.8653		\$ 23,286,932	\$ 81,272
2008	\$ 903,521,761	2.6759		\$ 24,177,339	\$ 90,352
2009	\$ 986,677,834	2.6425		\$ 26,072,962	\$ 98,668
2010	\$ 1,042,041,186	2.6276		\$ 27,380,674	\$ 104,204
2011	\$ 1,049,827,355	2.6276		\$ 27,585,264	\$ 104,983
2012	\$ 1,038,327,080	2.6276		\$ 27,283,082	\$ 103,833
2013	\$ 1,006,475,403	2.6276		\$ 26,446,148	\$ 100,648
2014	\$ 955,783,522	2.6276	No change	\$ 25,114,168	\$ 95,578



FY 15/16 Budget Issues

- PILT – unknown \$1.8M ~ 36 positions
- Retirement costs continue to increase
- RTC – State Hospital costs (\$7k/mo.)
 - Additional cost (Pima Contract)
 - Partnering with Judicial – Contract Psych
- Facilities – Ongoing costs
 - Budget impact of new facilities (\$20K)



Budget Issues (Cont'd)

- Fuel (May be an opportunity)
- Highways Funding - \$1.0M needed for ops
- Solid Waste
 - Rural Transfer Stations – Continued Subsidy
 - Move to open top haul trailers
 - \$2M debt to GF from operations
 - Current shortfall about \$7/ton



Budget Issues (Cont'd)

Personnel Related Issues

- Insurance
 - Health - Affordable Care Act
 - Use of CCT CCF
- Comp Plan – Ongoing costs
 - Salary Savings
- One-time Distributions
 - CCF previous and current year
 - Based on performance



Budget Issues (Cont'd)

Retirement System Costs

<u>System</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>GF Cost Incr (Decr)</u>
ASRS	11.60%	11.54%	\$ (10,181)
PSPRS	39.69%	51.39%	\$ 484,263
CORP	13.95%	17.51%	\$ 83,233
EORP	23.50%	23.50%	\$ -
AOC	16.12%	TBD	TBD

Total Liability \$ 41,801,873

Current Assets \$ 13,272,277

Unfunded Accrued Liability \$ 28,529,596

31.8% Funding Ratio

(Could increase based on Hall case (employee contribution))



FY 06/07 - 14/15 Personnel

<u>Fiscal Year</u>	<u>FTE Count</u>
06/07	1,102
07/08	1,113
08/09	1,123
09/10	1,113
10/11	1,096
11/12	972
12/13	971
13/14	942
14/15	940

- FTE's
 - Does not include requests from Departments for FY 15/16



Use of Cash Carry Forward

- CCF Available (FY 14/15) ~ \$11M
 - Does not include \$21M for cash flow
- Can offset overall shortfall
 - FY 14/15 – FY 17/18 (\$6.0M)
- Not sustainable
 - Projections for Rev/Exp based on estimates
- Can be used to cover certain functions
 - Sheriff (Public Safety)
 - Jail
 - Comp Plan



FY 14/15 – 1/2 ¢ Cent Sales Tax Summary (Draft)

	FY 13/14 CARRYOVER	NEW 1/2 CENT \$\$	% Of	Interest or Reallocate	From Other Funds	TOTAL
REVENUES:			Total	Undesignated	(TO) Oth Funds	
1/2 Cent Sales Tax Carry Over	13,280,745					\$13,280,745
1/2 Cent Sales Tax FY 13/14		7,000,000				\$7,000,000
Other Funds	0			106,694	111,006	\$217,700
Totals Revenues	\$13,280,745	\$7,000,000		\$106,694	\$111,006	\$20,498,445
EXPENSES:						
General Fund Budgets 100	0	3,409,455	48.71%			\$3,409,455
Solid Waste (Fund 505)	0	280,943	4.01%			\$280,943
IT Computer replacement	0	200,000	2.86%			\$200,000
IT Capital (Fund 450)	124,799	150,000	2.14%	1,500	0	\$276,299
Wireless (Fund 450)	0	50,000	0.71%			\$50,000
Highways	0	1,300,000	18.57%			\$1,300,000
Capital Projects (Fund 400)	959,367	315,500	4.51%	101,636	111,006	\$1,487,509
Undesignated (Fund 400)	\$12,196,579	1,294,102	18.49%	3,558	0	\$13,494,239
GRAND TOTAL CAPITAL PROJECTS	\$13,280,745	\$7,000,000	100.00%	\$106,694	\$111,006	\$20,498,445



1/2 ¢ Sales Tax

- Flat Revenue projected for FY 14/15 (\$7M)
- Payoff COP - \$3.2M (FY 13/14)
- CCF (Projected – end of FY 14/15) - \$ 13.5M (Undesignated)
- New Revenue ~ \$2M Undesignated
 - Includes \$880k from COP Payment
- Some Decision Packages for FY 15/16 (critical only)
 - DP's later in year (no ongoing expense)
- Highways
 - \$ 1.0M – Needed for operations
 - \$300k – Ongoing funding for BOS projects
- Jail remodel - \$2.3M



FY 14/15 Fuel Contingency

Gas budgeted at \$3.25/gal

May reduce for FY 15/16 to draw down contingency

General Fund - Gas

- Projected end of FY 14/15 Fuel Contingency \$ 500k
- Grants pay full cost of fuel

Special Revenue Funds - Diesel

- Since SRF pay actual cost – no contingency
 - In each fund as CCF



Summary

- ~ \$3.2M Shortfall Projected for FY 15/16
- FY 15/16 – FY 18/19 – Continued shortfall
- Various Options/Recommendations
 - Reduce Budget (Hiring Freeze)
 - Property Tax Rate Increase
 - Use vacancy savings
 - Use GF – CCF (Reserves)
 - Use ½¢ Sales Tax
- BOS Direction