FY 16/17
Final Operating Budget

August 1, 2016

James E. Vlahovich, County Administrator

Lynette Nowlan, Finance Director

Mike McGinnis, Budget Manager

Secondary Tax Rates

- Library ($1,883,850)
  - Total budget down from $1,934,863 (FY 15/16)
  - FY 16/17 tax rate – decrease in levy revenues of $15,056
    - 2015 Levy - $1,282,335
    - 2016 Levy – $1,267,279

    Current Tax Rate – 0.1451 (rate unchanged for several years)

    1¢ = $90,977

- Flood Control ($5,701,338)
  - Total budget down from $6,884,326 (FY 15/16)
  - FY 16/17 tax rate – decrease in levy revenues of $22,922
    - 2015 Levy – $1,943,542
    - 2016 Levy - $1,920,620

    Current Tax Rate – 0.2597 (rate hasn't changed in 30+ years)

    1¢ = $77,848

Light Improvement Districts

	Budget		Tax Rate	
	FY17	FY16	FY17	FY16
Naco LD	$ 8,873	$ 8,303	0.3279	0.3270
Sunsites LD	$22,339	$21,480	0.3554	0.3314
Bowie LD*	$14,654	$13,409	1.2270	1.0273
Gldn. Acres LD	$ 8,732	$ 8,067	0.3649	0.3476
Pirtleville LD	$13,811	$12,433	0.5185	0.4703

COCHISE COUNTY

2016-2017 ADOPTED BUDGET

SUMMARY - ALL FUNDS

FUND	2015-16 ADOPTED BUDGET	2015-16 ACTUAL EXPENSES	2016-17 NON-LEVY REVENUE	2016-17 PRIMARY LEVY	TOTAL	2016-17 SECONDARY LEVY	TOTAL 2016-17 BUDGET	$ INCREASE (DECREASE)	% INCREASE (DECREASE)
GENERAL FUND	81,454,005	54,708,100	58,143,385	23,355,695	81,499,080	0	81,499,080	45,075	0.06%
SPECIAL REVENUE FUNDS:									
MISC. SPECIAL REVENUE FUNDS *	12,782,319	7,456,308	14,044,852		14,044,852		14,044,852	1,262,533	9.88%
ATTNY GRNTS & OTHER REVENUES	1,909,786	1,278,588	1,502,915		1,502,915		1,502,915	-406,871	-21.30%
JUDICIAL DEPARTMENT GRANTS	8,375,576	5,095,657	8,019,598		8,019,598		8,019,598	-355,978	-4.25%
COUNTY LIBRARY DISTRICT	1,934,863	1,453,654	616,571		616,571	1,267,279	1,883,850	-51,013	-2.64%
LIBRARY GRANTS	26,407	974	52,185		52,185		52,185	25,778	97.62%
SPECIAL DISTRICTS:									
FIRE DISTR ASST TAX	947,613	920,000	0		0	919,638	919,638	-27,975	-2.95%
NACO LIGHT DISTR	8,303	7,168	8,873		8,873		8,873	570	6.86%
SUNSITES LIGHT DISTR	21,480	17,768	22,339		22,339		22,339	859	4.00%
BOWIE LIGHT DISTRICT	13,409	11,562	14,654		14,654		14,654	1,245	9.28%
GOLDEN ACRES LIGHT DISTR	8,067	6,787	8,732		8,732		8,732	665	8.24%
PIRTLEVILLE LIGHT DISTR	12,433	11,225	13,811		13,811		13,811	1,378	11.08%
PUBLIC SAFETY GRANTS & OTHER	3,876,977	4,041,937	4,311,816		4,311,816		4,311,816	434,839	11.22%
HEALTH GRANTS	3,271,813	2,609,663	3,296,926		3,296,926		3,296,926	25,113	0.77%
HIGHWAY DEPARTMENT (HURF)	17,039,579	12,645,205	19,466,253		19,466,253		19,466,253	2,426,674	14.24%
HIGHWAY GRANTS & OTHER	10,611,172	833,495	10,674,460		10,674,460		10,674,460	63,288	0.60%
FLOOD CONTROL DISTRICT	6,884,326	3,010,804	3,712,796		3,712,796	1,988,542	5,701,338	-1,182,988	-17.18%
CAPITAL PROJECTS	20,938,696	2,384,749	19,273,795		19,273,795		19,273,795	-1,664,901	-7.95%
GROUP HEALTH TRUST	8,030,370	7,582,133	7,817,037		7,817,037		7,817,037	-213,333	-2.66%
SOLID WASTE	2,112,216	4,487,198	2,226,618		2,226,618		2,226,618	114,402	5.42%
SOLID WASTE CAPITAL REPLACEMENTS	1,087,689	0	1,496,337		1,496,337		1,496,337	408,648	37.57%
SOLID WASTE LANDFILL CLOSURE	1,364,048	5,000	1,578,346		1,578,346		1,578,346	214,298	15.71%
SOLID WASTE GRANTS	419,690	271,908	369,282		369,282		369,282	-50,408	-12.01%
J.T.P.A.	1,100,000	1,475,000	1,100,000		1,100,000		1,100,000	0	0.00%
SCHOOL ACCOUNTS	624,877	553,791	594,492		594,492		594,492	-30,385	-4.86%
M.I.S. & COMMUNICATIONS	1,509,834	729,771	1,220,239		1,220,239		1,220,239	-289,595	-19.18%
TOTAL SPECIAL REVENUE FUNDS	104,911,543	56,890,345	101,442,927	0	101,442,927	4,175,459	105,618,386	706,843	0.67%
TOTAL ALL FUNDS	186,365,548	111,598,445	159,586,312	23,355,695	182,942,007	4,175,459	187,117,466	751,918	0.40%

FY 16/17 Budget Recommendations

Item	Amount
Use of General Fund CCF	$1.3M
Use of Light Fleet CCF	$600K
Use of Light Fleet Replacement CCF	$900K
No increase to Property Tax Rate	($284K)
No Increase to Flood Control District Tax Rate	($23K)
No increase to Library District Tax Rate	($15K)
Comp Plan for market adjustments from salary savings	$300
Judicial, Deputy, Detention Officer Pay Plans from Salary Savings	$140k
Highways Subsidy (1/2 ¢ Sales Tax) District Projects	$300k
Decision Packages (see separate handout)	
PSPRS and CORP pay annual amount due up front including vacant postions	
PSPRS pay annual amount for next four years at FY 15/16 rate of 51.39%	

Budget Changes to stay within expenditure limitation

Original Budget	Revised Budget	Amount Moved to Contingency		
$ 120,000	$ 70,000	$ 50,000	100-1400-421.000	County Administrator's Prof Svc Emergency Line
$ 50,000	$ 25,000	$ 25,000	100-1400-421.660	Training Consultant - Dr. Church
$ 80,000	$ 30,000	$ 50,000	100-1400-421.900	County Administrator's Facilities Emergency Line
$ 100,000	$ 10,000	$ 90,000	100-1400-423.000	Travel/Training Line
$ 71,000	$ -	$ 71,000	100-1400-424.300	DD recruitment line
$ 50,000	$ 10,000	$ 40,000	100-1400-424.500	County Promotion
$ 1,000,000	$ -	$ 1,000,000	100-1400-401.800	One Time Distributions
$ 953,797	$ 763,797	$ 190,000	100-1400-401.800	Gen Gov Salary Pot
		$ 1,516,000	Total GF	
$ 1,509,075	$ 841,779	$ 667,296	251-4010-9-421.000	BOS Tranportation Projects Line
		$ 2,183,296		

Changes from Tentative Budget

General Fund:

$21,188	Added BOS consultant carryovers from FY16.
$ 1,500	Added to Sheriff budget for increase in Spillman contract cost.
<u>$56,000</u>	Increase in DP to relocate ASR, P&Z & Constable.
$78,688	Total decrease in GF contingency resulting from these items.
$516,000	Total increase in GF contingency resulting from changes made related to expenditure limitation.
$437,312	Net increase in GF contingency from Tentative Budget

No change to total GF budget of $81,499,080

Changes from Tentative Budget

Special Revenue Funds:

$ 20,181	Added Fund 130 Atty DPS
$219,212	Added Fund 204 Shrf Border Security Trust Fund
($200,000)	Revise CCF Fund 570 Shrf GIITEM
$ 38,831	Increase CCF Fund 400 Evidence Storage
$225,220	Remove five Tahoes from DP
($ 56,000)	Increase DP for ASR, P&Z, & Constable.
$247,444	The net result of these changes was a decrease to the $4M balance in Fund 400 for future grants.

Other changes:

$225,220	Removed ½ cent sales tax rev from Fleet for five Tahoes.
$200,000	Removed ½ cent sales tax rev from Comp Repl Fund.
$425,220	These changes resulted in a decrease in the total county budget.

SRF total budget decreased from $106,043,606 to $105,618,386.

Total combined budget decreased from $187,542,686 to $187,117,466.

Schedule

• BOS meetings with all Depts.	Complete
• Budget Team meetings with selected Depts.	Complete
• Budget Overview with BOS	Complete
• Follow up work sessions	Complete
• BOS Tentative Budget Consideration	Complete
• BOS Final Budget Consideration	8/01/16
• Tax Rates and Levies adopted	8/15/16

Questions?

Overview of Discussion

- Current Revenues
- Cash Balances (FY 16/17)
- General Fund Projections
- Updated FY 16/17 – FY 19/20 Cash Flow
- FY 16/17 Budget Overview & Recommendations
- Board Direction

FY 15/16 Revenue Review

- State Sales Tax - $300k below projected budget of $12.7 million; State had projected $13,668,000; Projecting $12.4 million this FY
- Local Sales Tax - $566k below projected budget of $7.2 million; Projecting $6.7 million this FY
- Real Property Tax – projecting $24,782,210 by EOY; projected $24,047,480
- GF – VLT - showing slight increase at $181K with 9 months of revenues
- HURF/VLT - showing increase of $574k with 9 months of revenues
- Vacancy savings - higher than projected - $2.7 million; projected $2.6 million
- Overall - FY 15/16 has tracked as projected (Rev- Exp) mainly due to Johnson Camp Mine back tax payment

FY 15/16 – Cash Balances

- Cash Carry Forward (General Fund - EOY)
  - FY 09/20 (Actual) $ 25,081,830
  - 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
  - FY 14/15 (Actual) $ 30,498,666
  - FY 15/16 (Projected) $ 30,041,617
    - Available $ 9,041,617
    - CCF to cover P/R, ALTCS, Ins., and Cont. ($3M) $ 21,000,000

- Cash Carry Forward (Other Funds) at EOY - FY 15/16

	Cash	Restricted	Available
– Flood Control	$ 3,706k	$ 3,706k	$ 0
– HURF	$ 8,279k	$ 8,279k	$ 0
– ½ Cent Sales Tax (Fund 400)	$ 12,839k	$ 3,208k	$ 9,631k
– Other Funds	$ 13,574k	$ 13,574k	$ 0
– Library	$ 592k	$ 592k	$ 0

Beginning FY 16/17 General Fund CCF

CCF 6/30/15	$	30,498,666
Projected 15/16 Loss	$	-457,049
Projected CCF beginning FY 16/17	$	30,041,617

Cash Carry Forward

- Current General Fund CCF $30.0M
  - Cash Flow $21M
  - Available $ 9.0M

- ½¢ Sales Tax CCF $12.8M
  - Designated Projects $ 3.2M
  - Available $ 9.6M

FY 16/17 – 19/20 GF Projections

	Item		FY 16/17 Change	FY 17/18 Change	FY 18/19 Change	FY 19/20 Change
Revenue						
	Property Tax	$	(284,000)	$ 200,000	$200,000	$200,000
	Sales Tax		(300,000)	100,000	100,000	100,000
	VLT		-	(100,000)	50,000	50,000
	Fees and fines		(272,890)			
	Court Consolidation		(132,080)			
	Transfer from Jail Enhancement		(230,000)			
	Misc. Other		(63,754)			
	Total Change in Revenue	$	(1,282,724)	$ 200,000	$350,000	$350,000
Expenses	Retirement	$	61,000	$ 300,000	$300,000	$300,000
	Fuel		-	100,000	50,000	50,000
	Health Insurance		240,000	300,000	30,000	30,000
	Utilities		-	50,000	50,000	50,000
	ALTCS Payment		(170,500)	200,000	20,000	20,000
	Liability Insurance		(57,083)	20,000	20,000	20,000
	Capital Cases		-			
	State Shifts		(164,400)	164,400		
	RTC		-			
	Lobbyist		40,000			
	Misc. other		29,861			
			(21,122)	1,134,400	470,000	470,000
	Total Annual Gain/(Loss)		(1,261,602)	(934,400)	(120,000)	(120,000)
	Cumulative loss through FY15/16		(5,281,103)			
	Cumulative loss through FY16/17		(6,542,705)			

Cash Flow
FY 15/16 – FY 19/20

General Fund Budget Projections FY 15/16 - FY19/20

Item	Prior to FY16/17	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Total Shortfall/Fiscal Year		$ (1,261,602)	$ (934,400)	$ (120,000)	$ (120,000)
Cumulative Shortfall/Fiscal Year	$ (5,281,103)	$ (6,542,705)	$ (7,477,105)	$ (7,597,105)	$ (7,717,105)

FY 16/17 Shortfall

Cumulative Loss FY 16/17	$ (6,542,705)
Other Projected Savings	
Vacancies	$ 2,400,000
Unspent Budgeted Expenses	$ 350,000
Revenue Rec 'd. Over Budget	$ 1,000,000
Shortfall	$ (2,792,705)

FY 16/17 Budget Issues

- Future State shifts – unknown
- PILT – unknown $1.8M ~ 36 positions
- Retirement costs continue to increase
- Health insurance costs continue to increase
- RTC – State Hospital costs
- Facilities and IT – Ongoing costs
  - Radio Maintenance

Budget Issues (Cont'd)

- **Fuel/Vehicle Replacement** - Approved dollars ($800k) were not moved to General Fund for FY15/16. Additional monies are available for FY16/17
- **Highways Funding** - $1 million not needed for ops this year
- **BDI Water System** - $1 million needed
- **Solid Waste**
  - Rural Transfer Stations – Continued 1/2¢ Subsidy - $267,826 (was $288,874 – ½ SW Inspector salary moved to P & Z)
  - Move to open top haul trailers – pilot project
  - $2.5M cumulative debt to GF from operations
  - Shortfall of $3.50/ton next FY with approved increase to $60.50/ton
  - Cell 4 construction – EL issues –can be financed at $2.15 million and funded by the system over two fiscal years

Budget Issues (Cont’d)

Personnel Related Issues

- Insurance
  - Health - Affordable Care Act
  - Disuse of CCT CCF & discontinue health insurance rebates & premium holiday ($238,000 increase for health and dental)

- Comp Plan – Ongoing costs
  - Salary Savings - $940,000

- One-time Distributions
  - Taken from previous year operational savings
  - Based on performance
  - $1 million earmark moved into Contingency

Budget Issues (Cont'd)

Retirement System Costs

System	FY 15/16	FY 16/17	GF Cost Incr (Decr)
ASRS	11.47%	11.48%	$ 1,684
PSPRS*	51.39%	51.39%	$ 0
CORP	17.51%	19.53%	$ 46,240
EORP	23.50%	23.50%	$ -
AOC	19.95%	20.88%	$ 8,725
			$ 56,649

*Total Liability PSPRS	$ 43,046,977
*Current Assets	$ 14,598,498
*Unfunded Accrued Liability	$ 28,448,479

*33.9% Funding Ratio
(Could decrease based on Hall case (employee contribution))

FY 06/07 - 15/16 Personnel

Fiscal Year	FTE Count
06/07	1102
07/08	1113
08/09	1123
09/10	1113
10/11	1096
11/12	972
12/13	971
13/14	942
14/15	940
15/16	931
16/17	930

*(These are budgeted positions, not the current number of employees; includes Judicial)

FY 16/17 – ½ ¢ Cent Sales Tax Summary

SUMMARY OF CAPITAL PROJECTS

FY 16/17

REVENUES:	**FY 15/16 CARRYOVER**	**NEW 1/2 CENT $$**	**% Of Total**	**Interest or Reallocate Undesignated**	**From Other Funds (TO) Oth Funds**	**TOTAL**	
1/2 Cent Sales Tax Carry Over	13,881,568					$13,881,568	
1/2 Cent Sales Tax FY 16/17		6,700,000				$6,700,000	
Other Funds	0			76,500	0	$76,500	
Totals Revenues	**$13,881,568**	**$6,700,000**		**$76,500**	**$0**	$20,658,068	
EXPENSES:							
General Fund Budgets 100	150,726	3,692,356	55.11%			$3,843,082	
Fleet for Sheriff's Vehicles (109)	0	265,970	3.97%			$265,970	
Solid Waste (Fund 505)	0	267,826	4.00%			$267,826	
IT Computer Replacement Fund 601	698,198	0	0.00%			$698,198	
IT Capital (Fund 450-1800-1810)	193,305	150,000	2.24%	1,500	0	$344,805	
IT Capital (Fund 450-1800-1815)	0	100,000	37.34%			$100,000	One time Cloud GIS Support
Wireless (Fund 450-1800-1860)	0	50,000	0.75%			$50,000	
Highways Fund 251	0	300,000	4.48%			$300,000	
Capital Projects (Fund 400)	3,208,016	1,673,963	24.98%	0	525,000	$5,406,979	
Undesignated (Fund 400)	$9,631,323	199,885	2.98%	75,000	0	$9,906,208	$15,313,187 Capital Projects Fund 400
GRAND TOTAL CAPITAL PROJECTS	**$13,881,568**	**$6,700,000**	100.00%	**$76,500**	**$525,000**	$21,183,068	

½ ¢ Sales Tax

- $500k decrease projected for FY 16/17 ($6.7M vs. $7.2M)
- CCF (beginning of FY 16/17) - $ 9.6M (Undesignated)
- Infusion to Solid Waste?
- Recommend elimination of $200,000 for Computer Replacement – fund currently at $700k
- New Revenue ~ $199,885 Undesignated
- BDI Water System - $1.0+M
- Need additional monies for the Foothills remodel
- Highways
  - $300k – Ongoing funding for BOS transportation-related projects
  - One time elimination of $1 million for Highways projects

Expenditure Limitation (EL)

Comparison of Estimate

	FY17	FY16
EL Amount	$ 65,748,754	$ 65,041,723
Tentative Budget	65,416,696	61,633,370
Difference	332,058	3,408,353

RECAP of Increase(Decrease) in Budget

General Fund	$ (311,145)	due to moving $1,000,000 to contingency
Capital Projects	1,487,222	
Special Revenue	2,663,898	
	3,839,975	
Increase in EL Amount	(707,031)	
Difference	$3,132,944	(Assumes loans for $2,198,307 for other large projects)

Expenditure Limitation (EL)

Expenditure Limitation Increase Calculations

FY 16/17

Population Factor	Inflation Factor	Base 79/80	Limit	Increase of:
1.6882	2.9194	$ 13,340,485	$ 65,748,754	
Increase Base by $1,000,000				
1.6882	2.9194	$ 14,340,485	$ 70,677,526	$ 4,928,531
Increase Base by $1,500,000				
1.6882	2.9194	$ 14,840,485	$ 73,141,792	$ 7,392,797

For 16/17 we lost $485 per person decrease in population (we lost 385 * $485 = $186,725)

FY 15/16 Fuel Contingency

Gas budgeted at $2.50/gal

General Fund - Gas

- Projected FY 16/17 Fuel Contingency $905k

- Recommend use of $600k from CCF for General Fund

Special Revenue Funds - Diesel

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

Light Fleet Replacement

- Projected FY16/17 CCF ~ $3.136 million
- Annual allocation to replacement account ~ $1.002 million
- Projected FY 16/17 expense ~ $1,068,910 (does not include trade-ins)
- Recommend use of $900k from CCF for General Fund

Recommendations

- PSPRS
  - Continue to make annual payment in July of each year
  - Continue to pay contribution for vacant positions
  - Pay FY 15/16 ECR (51.39%) for 4 years (min) - $2.4 million/year
  - Probably can’t make excess payment in FY 16/17
  - Work with PSPRS, other counties and SO on ways to manage unfunded liability
- Continue to charge Highways and SW full overhead rate
- Approve budget as submitted to include DPs

Recommendations (cont’d)

- Increase property taxes (1¢ = $90,977)
- $2.8 million shortfall
  - Use $600k from Fuel Contingency
  - Use $900k from Light Fleet Vehicle Replacement
  - Use $1.3 million from GF CCF

Schedule

• Budget Team meetings with all Depts.	Complete
• BOS meetings with all Depts.	Complete
• Budget Overview with BOS	Complete
• Follow up DP work session	Complete
• BOS Tentative Budget Consideration	7/18/16
• BOS Final Budget Consideration	8/01/16
• Tax Rates and Levies adopted	8/15/16

Summary

- ~ $2.8M Shortfall Projected for FY 16/17
- FY 16/17 – can address shortfall using CCFs
- FY 16/17 and beyond – will need to address ongoing shortfall; needs to be sustainable
- Adopting the Tentative County Budget for FY 16/17 in the amount of $187,542,686, including $81,499,080 in General Funds and $106,043,606 in Special Revenue Funds. The decision packages as attached are also being tentatively approved
- BOS Direction?