

COCHISE COUNTY

FY 20-21 Budget Work-session

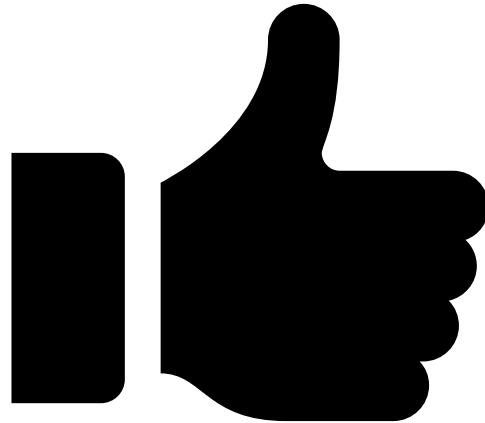
- Expenditures
- Expenditure Limit
- Revenues
- Fund Balances



Public Programs...Personal Service

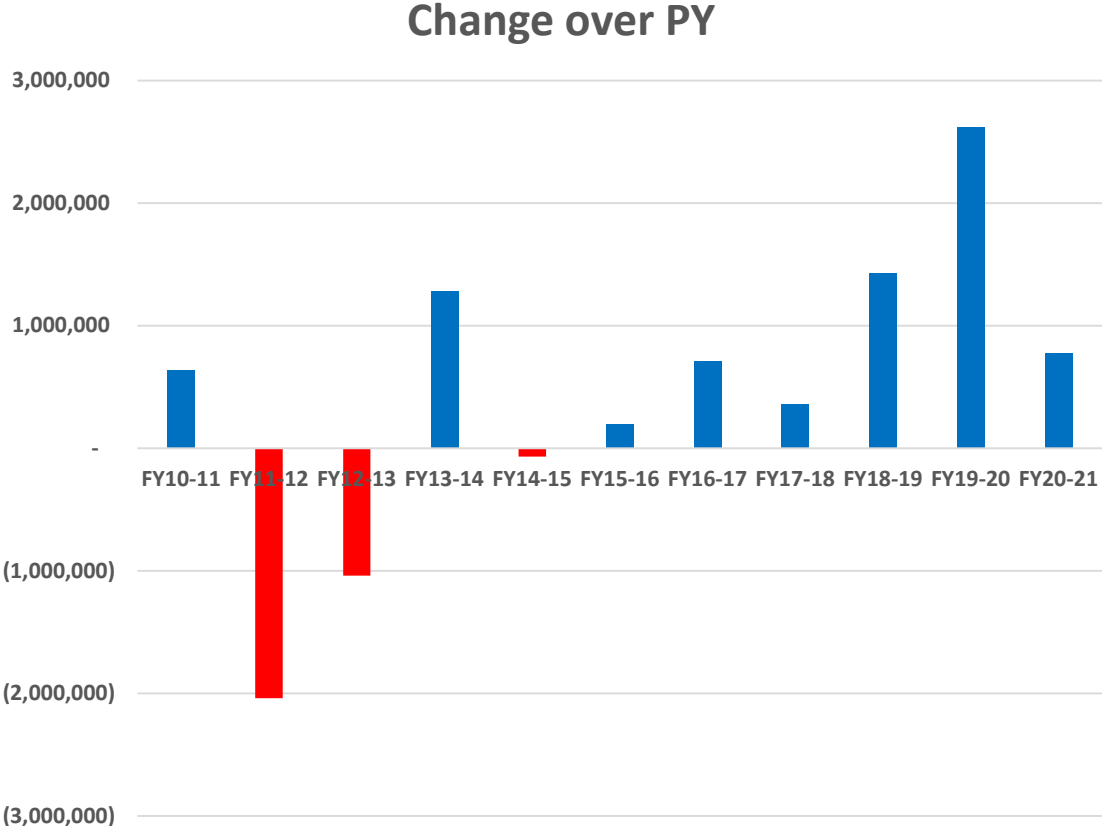
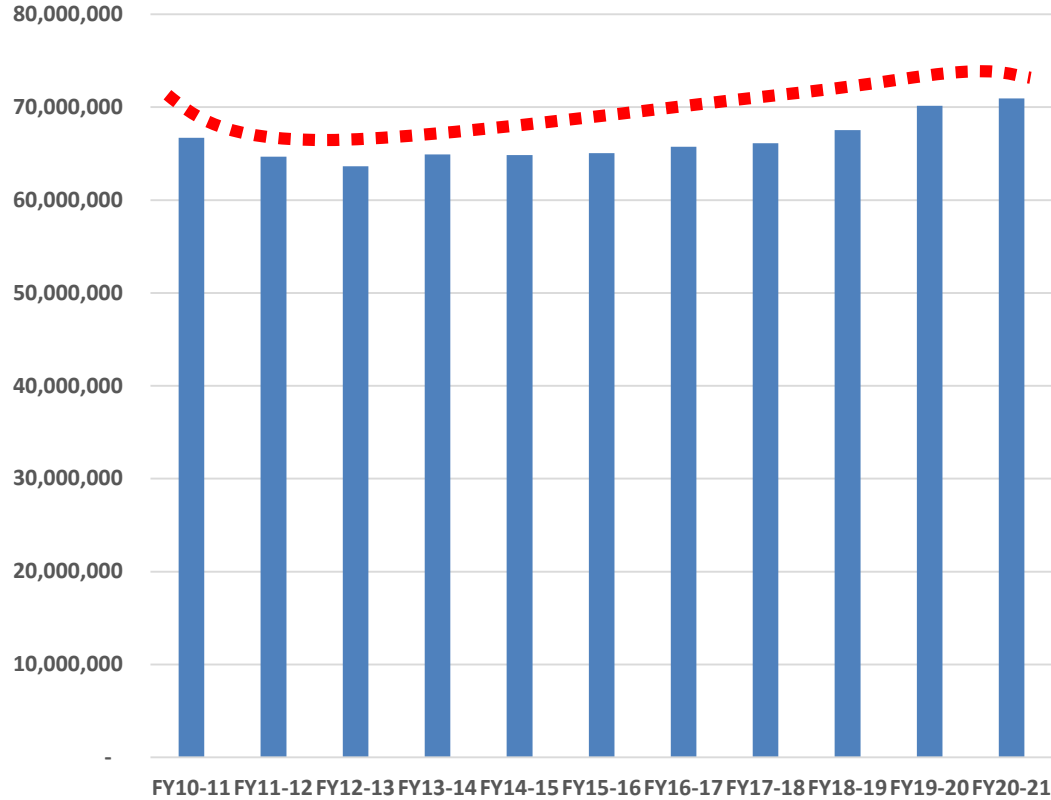
Current Year Expenses – FY20

- No Department or Office projected to go over budget



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Expenditure Limit



National Trends

- US Real GDP forecast to drop 8% from 2019 Q4 to 2020 Q3*
 - Hardest Hit – travel, tourism, auto sales
- Jobs/Unemployment*
 - Unemployment may hit 10.3%, 14 million jobs lost
 - Weekly unemployment initial claims top 6m per week (through 4/4)

* University of Arizona/Eller College of Management/Economic and Business Research Center/George Hammond



State Trends

- Jobs/Unemployment*
 - Peak-to-trough job losses between 10% to 20%
 - 300,000 jobs lost state-wide
 - Unemployment peaks above 2008-2009 high of 10.9%
 - Week ending 4/4 – 132k initial unemployment claims
- JLBC – sales tax drops by industry →
 - Unemployment – prior 3 weeks – 247k, or 7% of State workforce

* University of Arizona/Eller College of Management/Economic and Business Research Center/George Hammond

	<u>'20 Q4</u>
Retail	(32)%
Contracting	9
Use	(25)
Restaurant/Bar	(70)
Utilities	(6)
Hotel	<u>(70)</u>
Total	(31)



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Local Trends

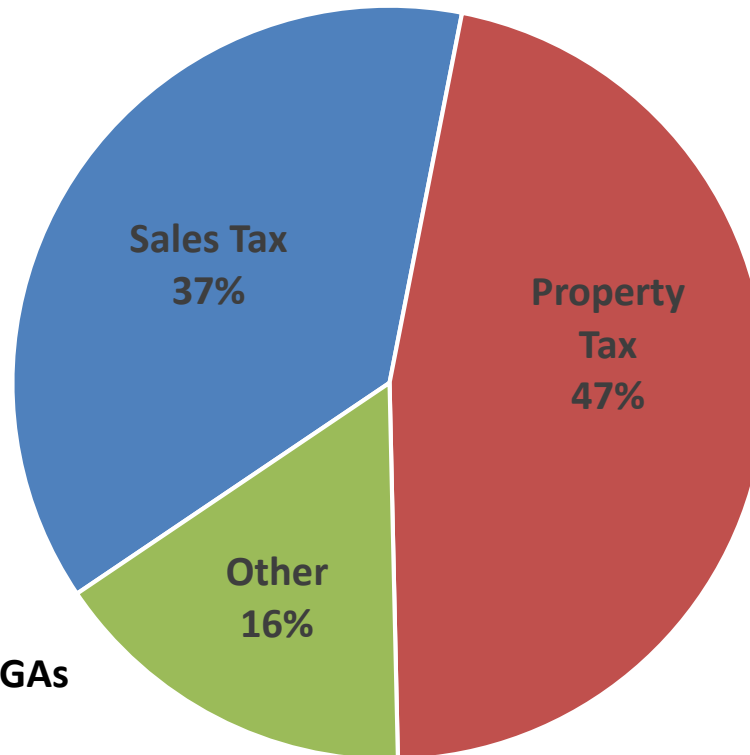
- **Solid Waste Usage** (small sample)
 - Residential up 17%
 - Small Business down 67%
 - Small Business Construction down 61%
 - Large Commercial down 5%
- **County Road Usage** (1 site only)
 - Drop by 30% over average
- **JLBC projected drops applied to Local Sales Tax**

	Quarterly	Annual
Retail	(342,240)	(1,368,960)
Contracting	11,489	45,954
Restaurant/Bar	(129,203)	(516,810)
Utilities	(12,317)	(49,266)
Hotels	(15,008)	(60,030)
Total	(487,278)	(1,949,112)



Revenues Looking Forward to FY20-21

General Fund



Consumer Based = Sales Tax

- Pros - Quick to increase
- Cons
 - Volatile over short term
 - Dependent on State economy
 - Rate limited to 0.5%

Other - Fees, Fines, Charges for Service, IGAs

- Pros – diverse, more Gov partnership
- Cons
 - Lower fee/fine collection rates
 - Lower use of County services
 - Less Gov partnership

Property Tax

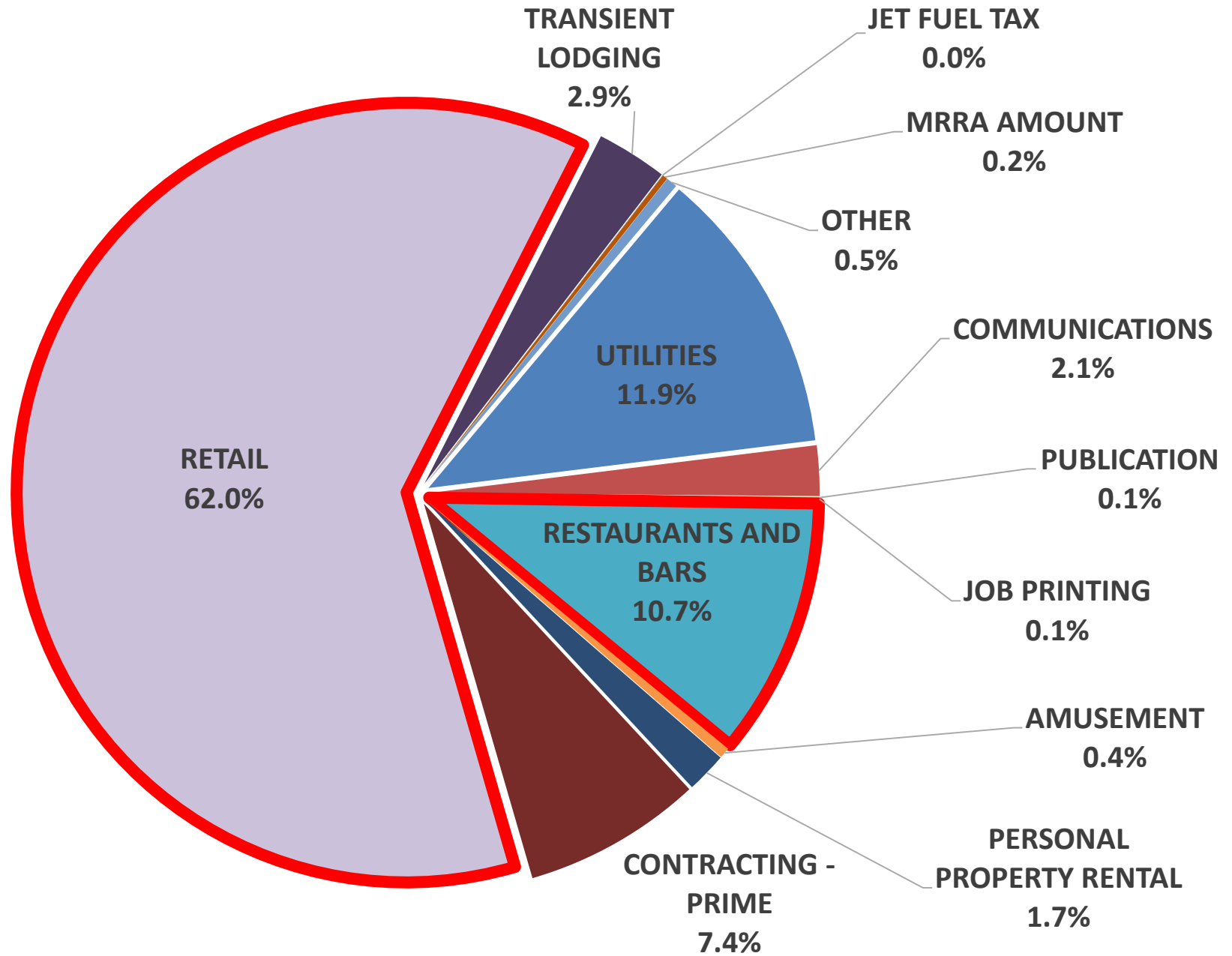
- Pros
 - FY21 Valuations complete
 - Stable over long term
 - Slow to decrease
 - County can change rate
- Cons
 - Collection rates may decrease
 - Slow to increase



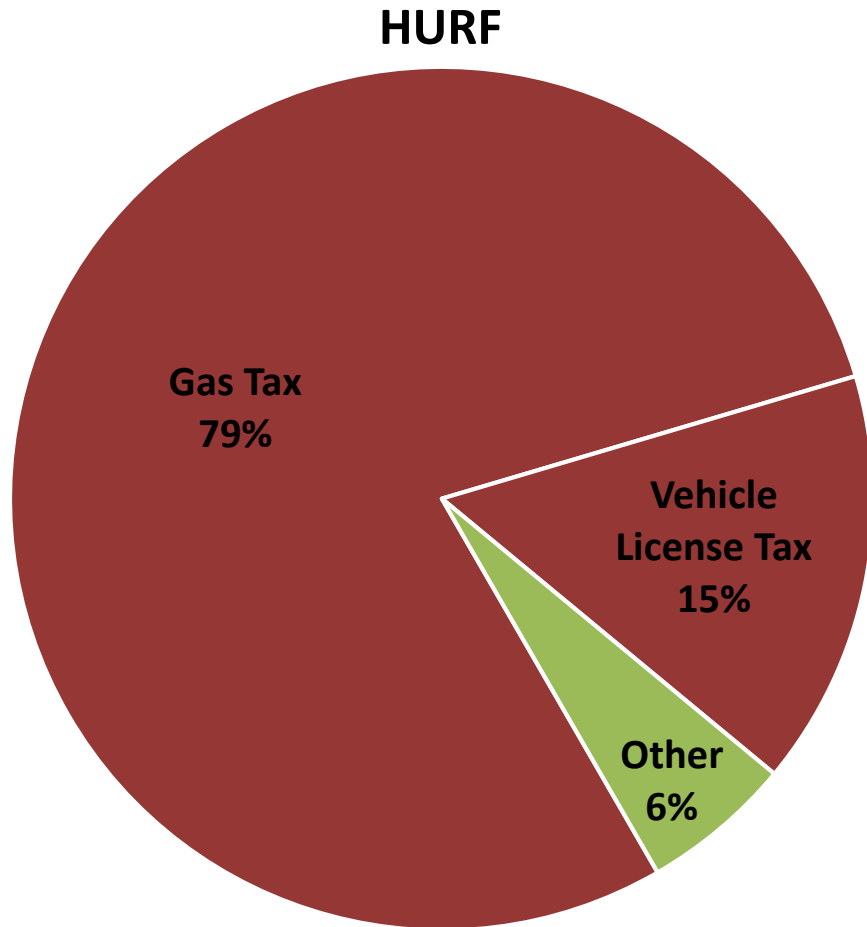
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**Local
Sales Tax
by
Industry**

- 6.9m for FY20



Revenues Looking Forward to FY20-21



HURF

- 94% Consumer Based
 - Per Gallon – excise tax
 - Annual Vehicle License Fees
 - Based on value of vehicle
 - Decrease in new vehicle purchases

Special Districts – Property Tax Based

- Library
- Flood Control

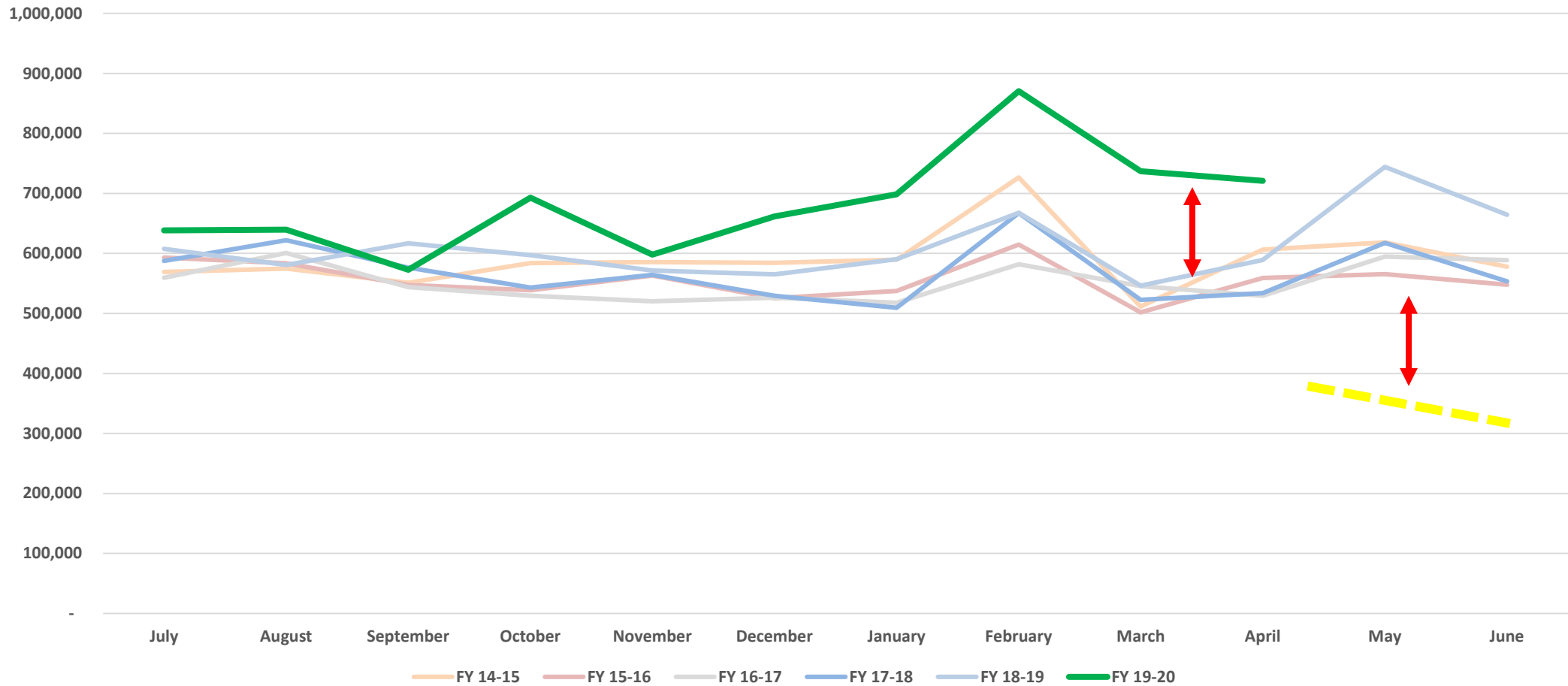


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Revenues Looking Forward to FY20-21

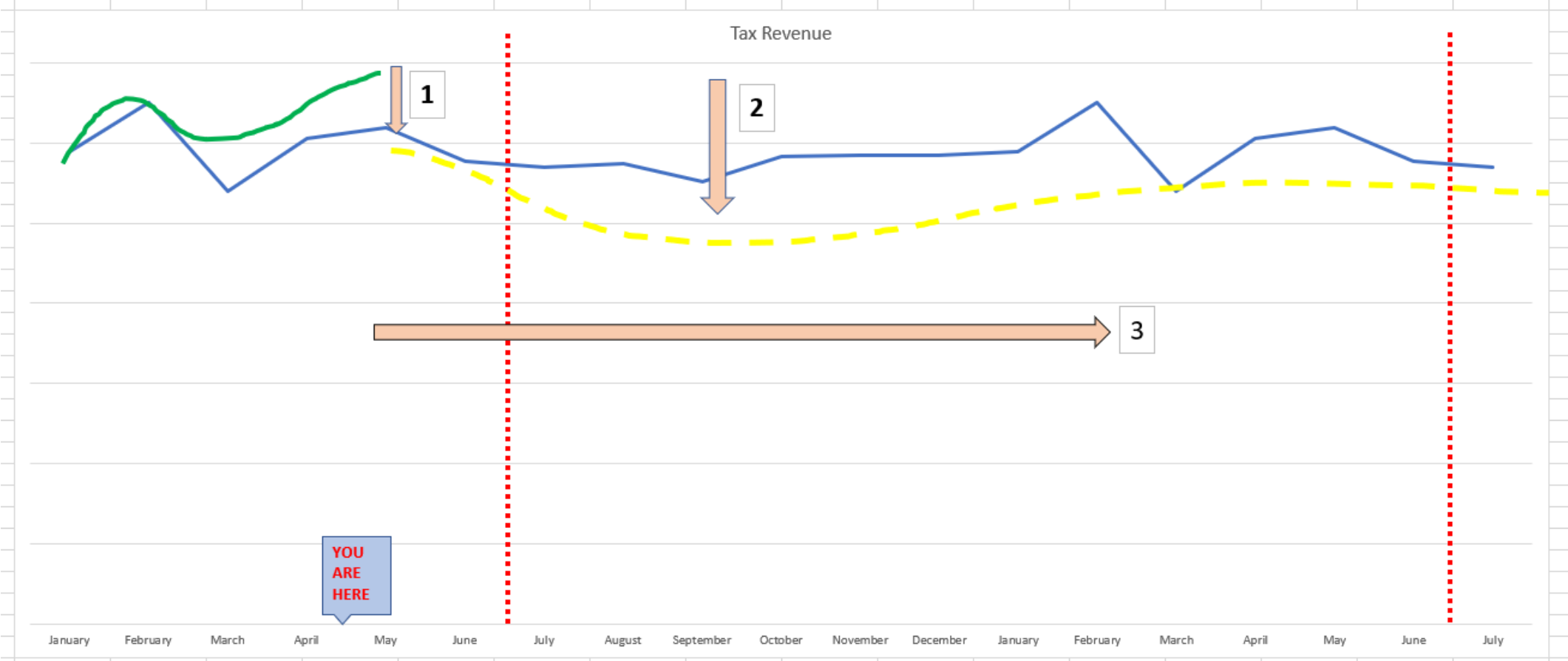
How we will measure changes in sales tax

County 0.5% Sales Tax



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- 1 – How far down initially?
- 2 – How far down at trough?
- 3 – How long will it last?
- Blue = 5 year average
- Green = actual
- Yellow = what we need to project
- Red = Fiscal Years



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Property Tax

FY20 Valuation		941,485,649
Increase to Current Property Valuations	+	19,427,934
FY21 New Construction	+	12,170,869
FY21 Valuation	=	973,084,452

	Rate	Levy
FY20	2.6747	25,181,917
FY21	2.6747	26,027,090
Max	4.0276	39,191,949



Other Revenues

- Fees/Fines – lower collection rates
- Partner Local Governments – reducing budgets as well
- Grants
 - From: non-profits, State Government, Federal Government
 - Be prepared for reduction in grant stability

Fund Balances

- Grants are paid upfront by the County
 - County receives reimbursement for first reporting period – while already spending in the next reporting period
 - Grants are continually pre-funded out of the General Fund
 - “It won’t cost the General Fund a thing”



Moving Forward – Short Term

- JLBC – will update projections
- Local Sales Tax – data delayed 2 months
 - May/June – will know drop in March/April
- June will be first decision point
- Must reevaluate every quarter as new data becomes available

Moving Forward – Long Term

- Cascading Effects:
 - Expenditure Limitation
 - Based on Population and GDP Deflator (Inflation Measurement)
 - Retirement Costs
 - Remember what happened to PSPRS/EORP/CORP after 2009...
 - County Revenue Blend
 - We're going to learn that relying too heavily on Sales Tax is not good
 - What will County Revenues Sources look like in 5 - 10 years?

