

# COCHISE COUNTY

## FY27 Budget Work Session

- Expenditure Limit
- Expenses
- Revenues



*Public Programs...Personal Service*

# Budget Work Session Timeline

- April-Early Budget Projections
- Through-April – Elected Official Work Sessions
- Mid-May – Final Work Session before tentative budget adoption
  - Revenue projections and direction on funding requests
- June – Tentative Budget Adoption
- July – Final Budget Adoption
- August - Property Tax Rate Adoption



## Annual Expenditure Limit (AEL)

- What is AEL? A voter-approved constitutional limit on how much local governments (counties, cities, towns) can spend each fiscal year.
- Purpose:
  - Controls growth in local government spending by tying increases to:
    - Population growth
    - Inflation

# Expenditure Limit – What Qualifies?

- Think “local”
- If the revenue came from local taxes, the expenses count.
- If the revenue came from federal or state grants, the expenses do not count.

## **What Counts?**

- General Fund employees
- Retirement (ASRS, PSPRS)
- Health Insurance
- Fleet Expenses – gas, repair, new vehicles (assets too)
- Capital, building enhancement fund, small repairs
- Travel, training
- Computers, Software

## **What Does Not Count?**

- Debt payments
  - (not PSPRS unfunded liability...)
- Grants (federal or state)
  - WIC
  - Fill the Gap
- HURF
- Special District spending



# What Happens if AEL is Exceeded?

Auditor General will hold a hearing.

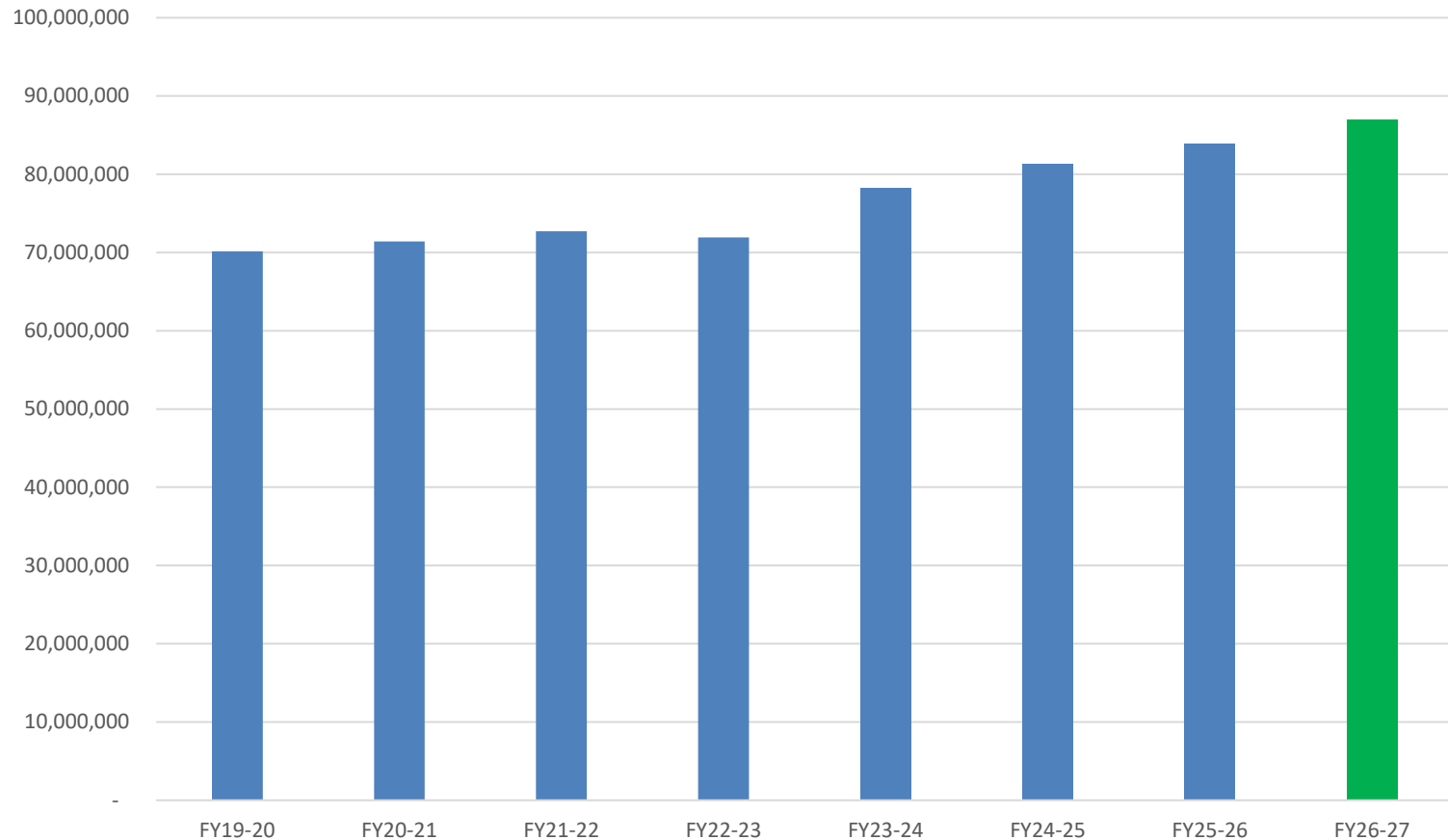
Primary property tax levy limit for the next fiscal year is reduced by the amount that exceeded the expenditure limit.

Cochise County currently utilizes 65% of levy limit

Future calculations of the primary levy limit are not affected by the one-time penalty.

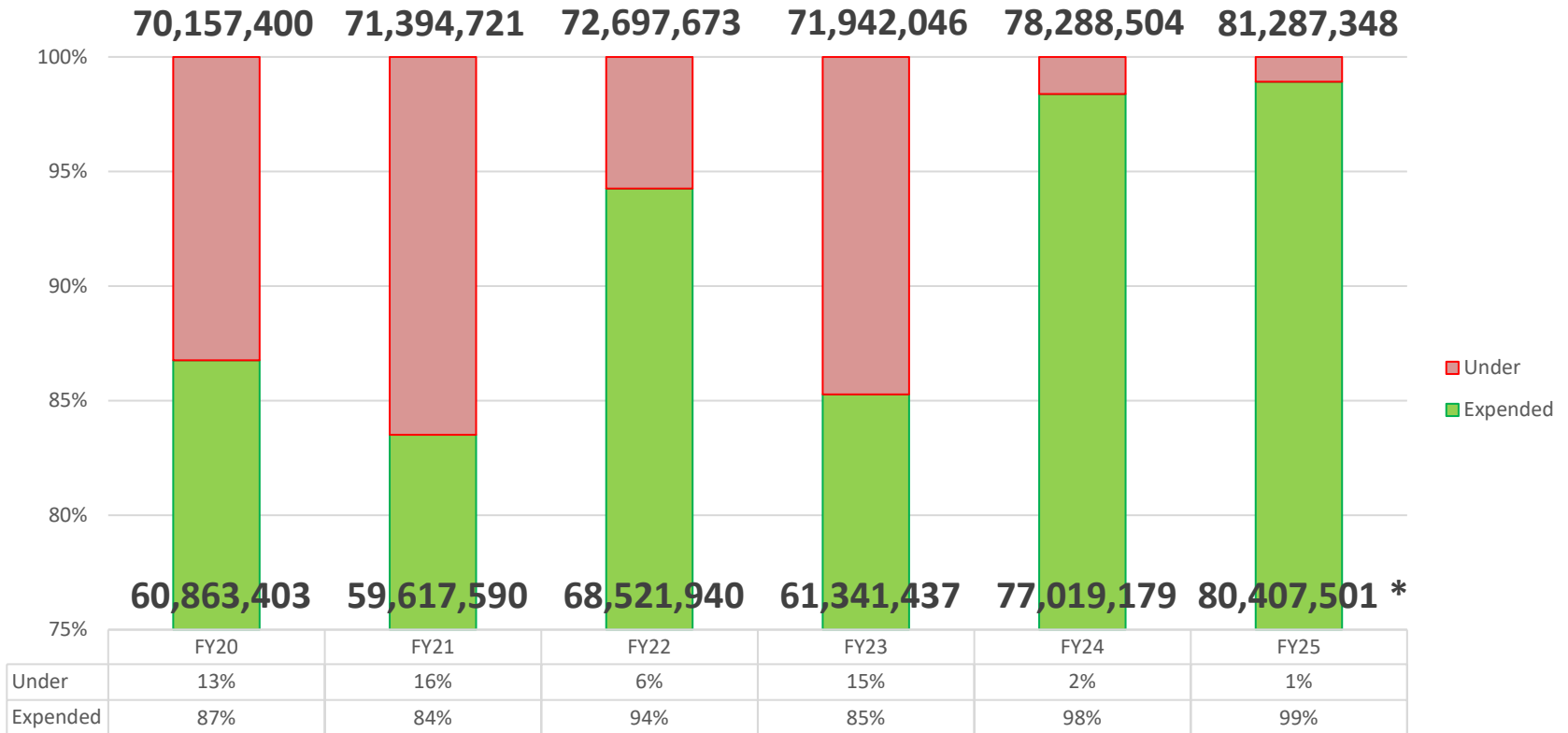
# COCHISE COUNTY

## Expenditure Limit – FY27 \$87.019M; +\$3.08M



# COCHISE COUNTY

## Expenditure Limit – Trends



\* Final amount pending



## Expenditure Limit – Concerns

- Not excluded: Opioid Settlement Funds, pension payments, grant matches, jail district transfers, capital acquisitions.
- Increasing state-mandated expenses, payroll, benefits and inflation for funding of essential services.
- Delayed grant reimbursements:
  - expenses that would normally be excluded from AEL
  - FY25 Impact: \$796,221

## Current Year Expenses - FY26

- Overall County projected to be under budget
- Budget expended YTD: 59%

## **FY27 Expenses – Increases**

- Employer Health Benefits Contribution: + 463K
- Workers Comp rate increase of 66%: + 426K
- Funding Requests – if all approved: + 3.55M
- SEACOM, County Contribution: + 24,151
- Jail District MOE: + 201K
- Annual Software Licenses: + 1.12M
- ALTCS & Other State Mandated Cost Shifts: + 635,300

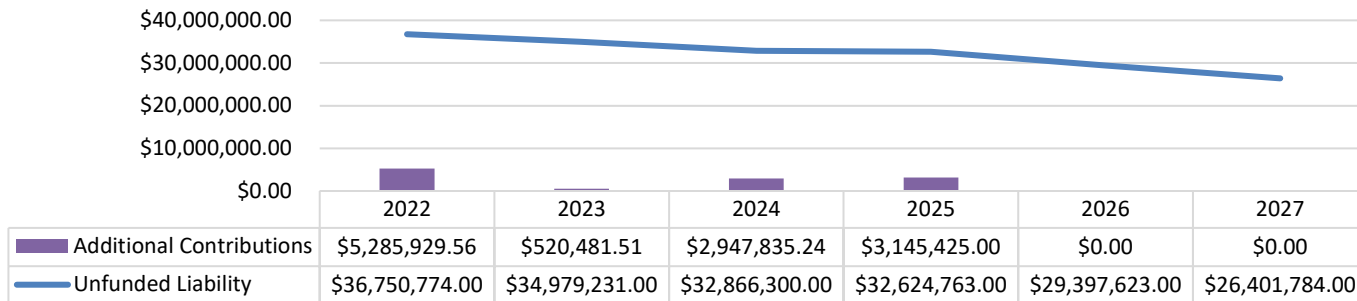
**Total \$6.419M**

# COCHISE COUNTY

## Pension Unfunded Liability

- EORP \$587,043,754 (pooled responsibility)
- CORP \$6,274,172
- PSPRS \$26,401,784
  - FY 26 additional contribution budgeted for 2.5M, plus CCSO under budget excess.

Additional PSPRS Contributions vs Unfunded Liability



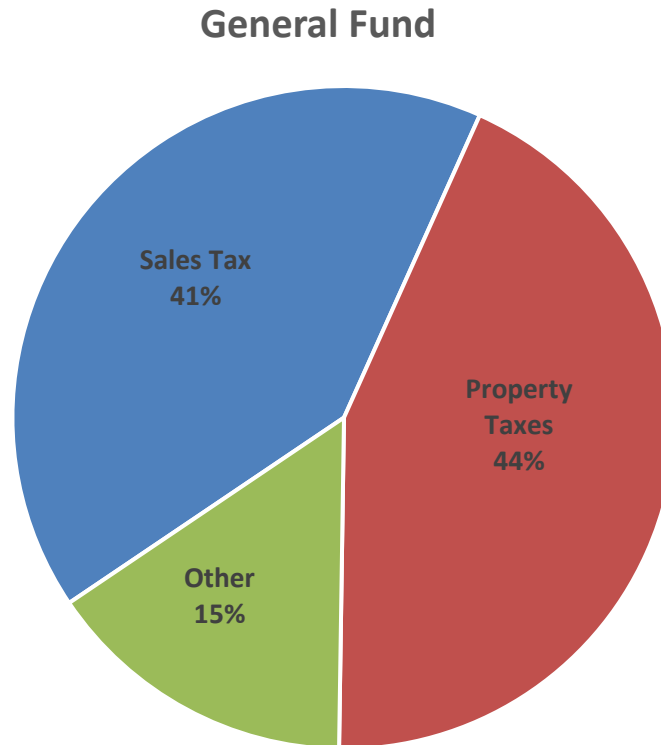
Additional Contributions Unfunded Liability



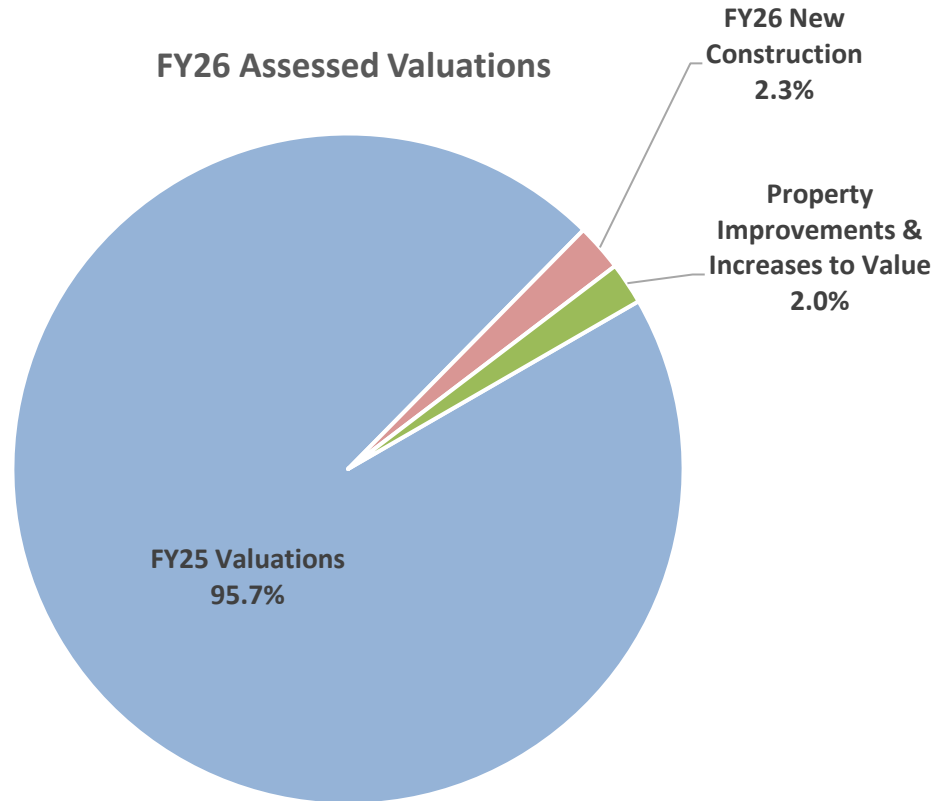
## FY26 State Budget Impact

- Items of Interest:
  - \$10.5M to fully fund Probation Officer salaries?
  - Conforming state income tax laws to federal?
  - Costs of implementing federal Medicaid & SNAP work requirements?
- Bills to watch:
  - Gas tax holiday
  - pension plan changes
  - property and sales tax exemptions

# General Fund Revenue Blend



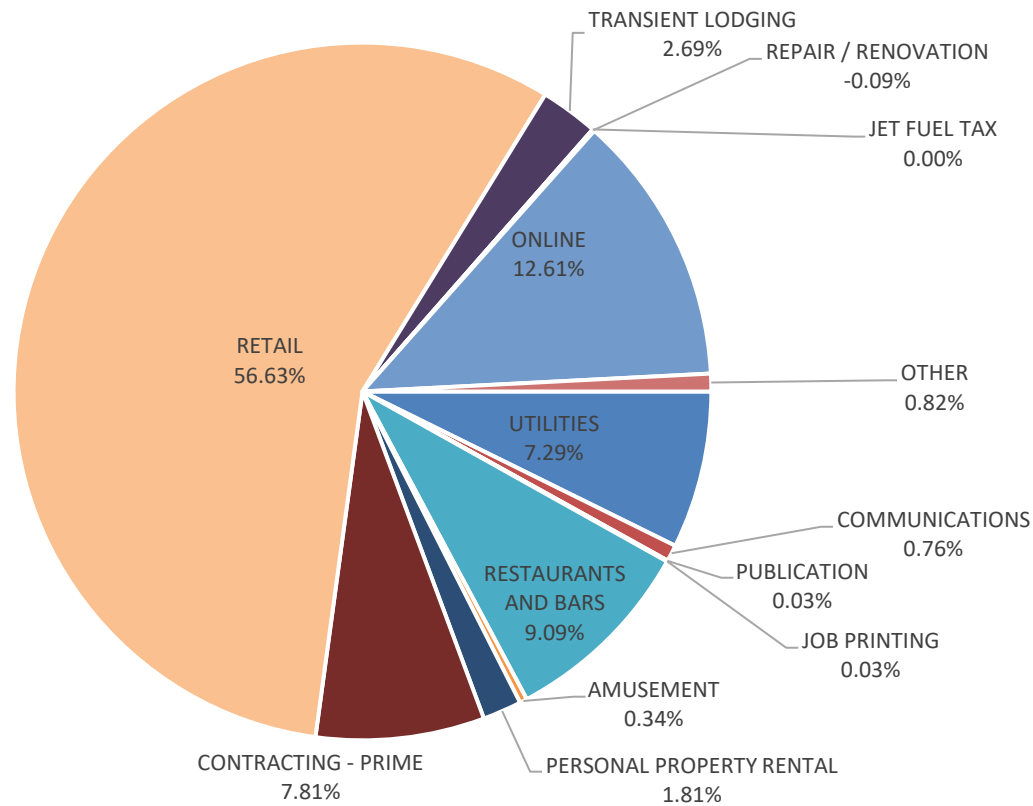
# FY26 Assessed Valuations – 1.20b



FY26 YTD	\$20,125,110
3-Year Rolling Average (Actual)	\$28,685,099
FY27 Early Budget Estimation	\$31,611,070

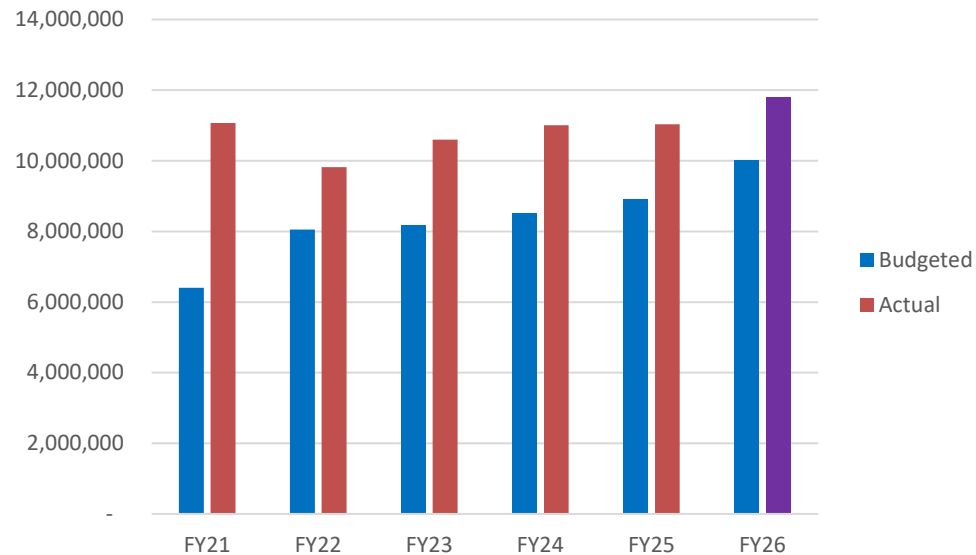


# County Sales Tax



# COCHISE COUNTY

## County Sales Tax



FY26 EOY Projection

\$11,802,077

3-Year Rolling Average (Actual)

\$10,879,373

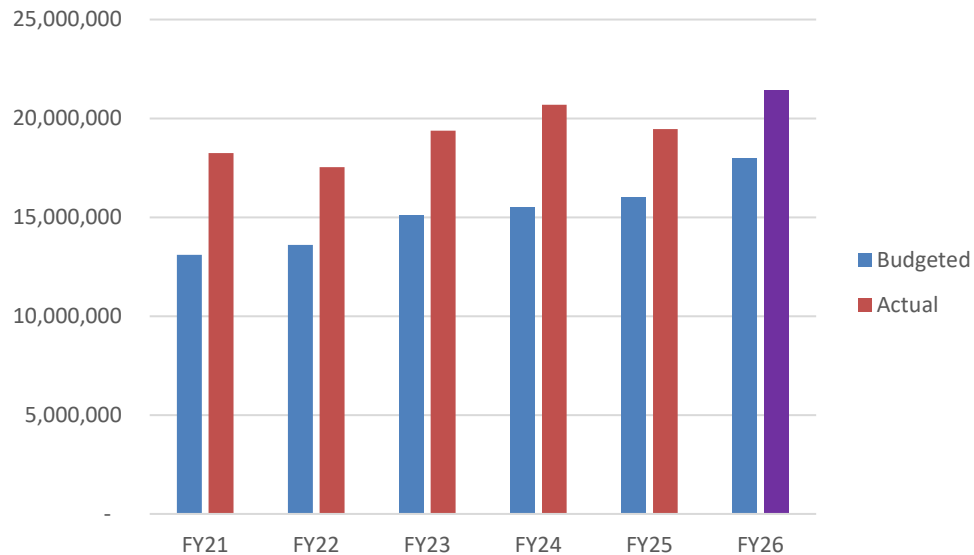
FY27 Early Budget Estimation

\$10,500,000



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## State Shared Sales Tax

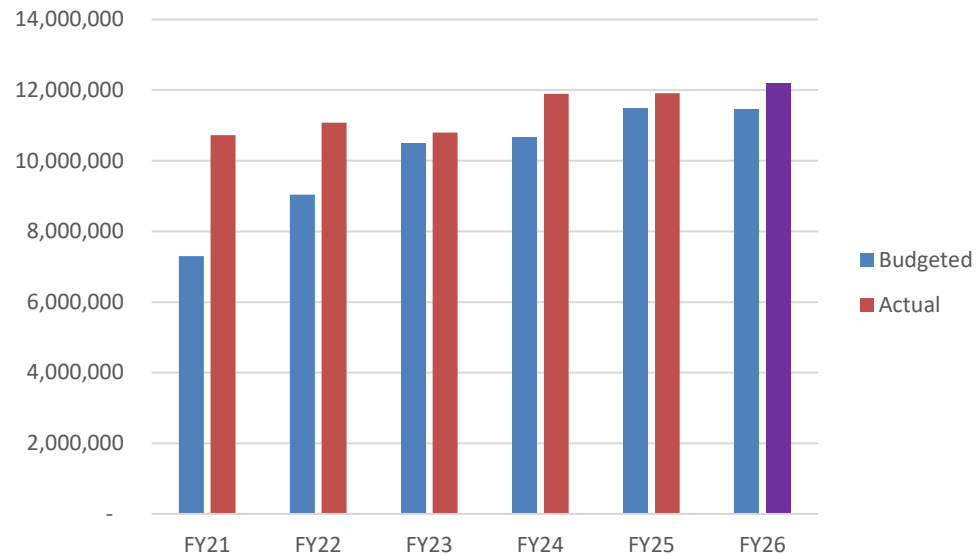


FY26 EOY Projection	\$21,406,219
3-Year Rolling Average (Actual)	\$19,062,360
FY27 Early Budget Estimation	\$19,500,000



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## HURF

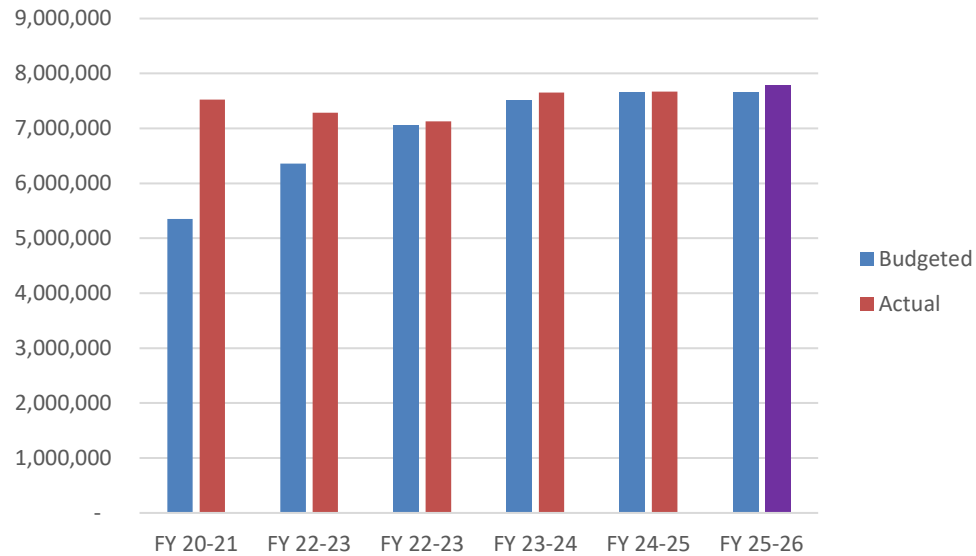


FY26 EOY Projection	\$12,204,377
Blended Average	\$11,535,322
FY27 Early Budget Estimation	\$11,860,000



# COCHISE COUNTY

## VLT

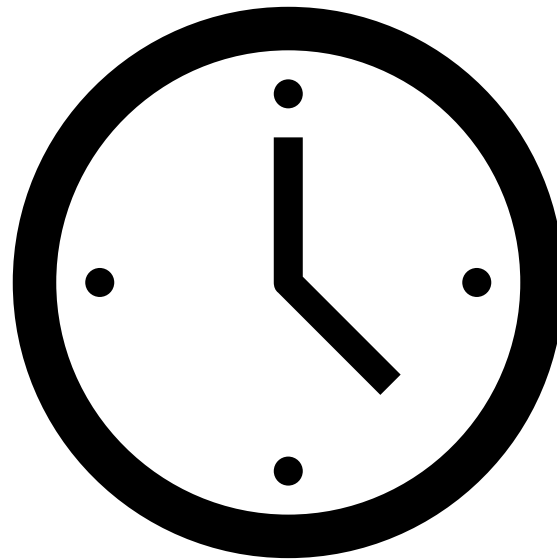


FY26 EOY Projection	\$7,781,693
3-Year Rolling Average (Actual)	\$7,483,688
FY27 Early Budget Estimation	\$7,700,000



# Next Meeting

- April 14 & 16 – Elected Official Work Sessions



Questions?

