

County Funding

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 APPROVED
SPECIAL LINE ITEMS			
Coordinated Reentry Planning Services	10,000,000	7,000,000	7,000,000
Elected Officials Retirement Plan Offset	3,000,000	3,000,000	3,000,000
Small County Assistance	7,650,700	7,650,700	7,650,700
AGENCY TOTAL	20,650,700	17,650,700	17,650,700
FUND SOURCES			
General Fund	20,650,700	17,650,700	17,650,700
SUBTOTAL - Appropriated Funds	20,650,700	17,650,700	17,650,700
TOTAL - ALL SOURCES	20,650,700	17,650,700	17,650,700

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) distributes these monies to counties for maintenance of county services and to offset local cost sharing and Elected Officials Retirement Plan liabilities.

Coordinated Reentry Planning Services

The budget includes \$7,000,000 from the General Fund in FY 2024 for Coordinated Reentry Planning Services. This amount is unchanged from FY 2023.

This line item provides funding to ADOA for distribution to counties to establish a coordinated reentry planning services program. The FY 2022 General Appropriation Act allocated a total of \$10,000,000: \$5,000,000 to Mohave County, \$4,000,000 to Pinal County, and \$1,000,000 to Yavapai County. The FY 2022 3-year budget plan included \$7,000,000 in both FY 2023 and FY 2024 for this purpose.

Elected Officials Retirement Plan Offset

The budget includes \$3,000,000 from the General Fund in FY 2024 for the Elected Officials Retirement Plan (EORP) Offset. This amount is unchanged from FY 2023.

This amount is allocated equally among counties with a population of less than 300,000 according to the 2020 Decennial Census. Each of the 12 smallest counties receives \$250,000. See the FY 2019 Appropriations Report for more information.

Small County Assistance

The budget includes \$7,650,650 from the General Fund in FY 2024 for Small County Assistance. This amount is unchanged from FY 2023.

This line item provides funding for counties with populations less than 900,000 according to the 2020

Decennial Census. With one exception, each county receives \$550,050 (see Table 1). Graham County receives \$1,050,050.

Table 1

Distribution and County Population

County	Ongoing Distribution	2020 Census Population
Apache	\$ 550,050	66,021
Cochise	550,050	125,447
Coconino	550,050	145,101
Gila	550,050	53,272
Graham	1,050,050	38,533
Greenlee	550,050	9,563
La Paz	550,050	16,557
Maricopa	-	4,420,568
Mohave	550,050	213,267
Navajo	550,050	106,717
Pima	-	1,043,433
Pinal	550,050	425,264
Santa Cruz	550,050	47,669
Yavapai	550,050	236,209
Yuma	550,050	203,771
Total	\$7,650,650	7,151,392

Other Issues

Statutory Changes

The Local Government Budget Reconciliation Bill (BRB) makes the following statutory changes:

- As session law, continue to allow counties with a population of less than 250,000 according to the 2020

Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2024, up to \$1,250,000 of county revenue for each county. The bill also requires counties using this authority to report to the Director of the Joint Legislative Budget Committee (JLBC) on the intended amount and sources of funds by October 1, 2023. (See *County Flexible Revenue Report* section below for more information.)

The Criminal Justice BRB makes the following statutory change:

- As permanent law, repeals the requirement for Pima County to pay an assessed amount by its proportional share by population for the costs of the Department of Juvenile Corrections. (See the *Department of Juvenile Corrections* section for more detail.)

County Expenditure Limits

Article 9, Section 20 of the Arizona Constitution establishes the process for determining a county's expenditure limits. Section 20 directs the Economic Estimates Commission to determine and publish prior to April 1 of each year the expenditure limitation for the following fiscal year for each county. The expenditure limits are determined by adjusting the amount of actual payments of local revenues for each such political subdivision for FY 1980 to reflect the changes in the population of each political subdivision and the cost of living.

The governing board of any political subdivision may not authorize expenditures of local revenues more than the limit set by the Commission, except in certain circumstances outlined in Section 20 including natural and man-made disasters. Section 20 also permits the expenditure limits to be overridden, subject to voter approval, on either a one-time basis or permanently by raising the spending base. (Please see Article 9, Section 20 of the Arizona Constitution for additional information.)

Table 2 shows county expenditure limits set by the Commission for the most recent year with available data.

County Flexible Revenue Report

The FY 2023 Local Government Budget Reconciliation Bill permits counties with a population of less than 250,000 according to the 2020 Census to use any source of county revenue, up to \$1,250,000, for purposes other than the

Table 2

County Expenditure Limits ^{1/}

<u>County</u>	<u>Fiscal Year</u>	<u>Expenditure Limits</u>	<u>Expenditures Subject to Limit</u>
Apache	2020	\$ 17,658,900	\$ 12,480,300
Cochise	2021	71,394,700	59,617,600
Coconino	2017	58,875,400	58,875,400
Gila	2021	45,269,700	42,541,200
Graham	2021	17,091,400	13,078,600
Greenlee	2021	14,121,500	12,278,100
La Paz	2020	32,437,400	18,084,800
Maricopa	2021	1,485,908,700	1,451,715,700
Mohave	2021	209,605,200	102,597,600
Navajo	2021	51,600,700	35,690,700
Pima	2021	612,081,900	599,956,000
Pinal	2020	280,135,800	151,693,000
Santa Cruz	2020	24,658,600	24,658,600
Yavapai	2020	129,293,700	122,537,200
Yuma	2021	106,181,600	83,003,400

^{1/} Amounts based on individual county Comprehensive Annual Financial Reports (CAFR), which are typically completed after county audits are conducted. The listed Fiscal Year indicates the most recent available data.

purpose of the revenue source to meet a county fiscal obligation for FY 2023. Counties using the authority were required to report to the Director of the JLBC on the intended amount and sources of funds by October 1, 2022.

Of the 12 eligible counties, 3 reported using the flexibility in FY 2023:

- Apache County: \$1,050,000 from the Library District, Post-Secondary Education District, Community College District, and Flood Control District to the Jail District for Jail District Operations.
- Coconino County: \$1,250,000 from the Jail District to the General Fund to pay down the Public Safety Personnel Retirement System (PSPRS) debt and pay for information technology needs for the Sheriff's Department.
- La Paz County: \$1,250,000 from the Vehicle License Tax to the General Fund to pay down a General Fund shortfall.

The following 9 counties indicated that they are not utilizing this provision: Cochise, Gila, Graham, Greenlee, Mohave, Navajo, Santa Cruz, Yavapai, and Yuma.

Table 3 on the next page shows the utilization of the county flexibility language in FY 2022 and FY 2023.

Table 3

County Flexibility Language Utilization

	<u>FY 2022</u>	<u>FY 2023</u>
Apache	\$ 900,000	\$1,050,000
Cochise	-	-
Coconino	\$1,250,000	1,250,000
Gila	-	-
Graham	-	-
Greenlee	-	-
La Paz	1,250,000	1,250,000
Maricopa	-	-
Mohave	1,250,000	-
Navajo	300,000	-
Pima	-	-
Pinal	-	-
Santa Cruz	-	-
Yavapai	-	-
Yuma	-	-
Total	\$4,950,000	\$3,550,000

New County Allocations

The budget includes the following new distributions to counties from various state agencies:

- Department of Economic Security: \$830,000 from the General Fund in FY 2024 to Graham County. This amount includes \$800,000 to remodel the Graham County rehabilitation center facilities in Safford and \$30,000 for an afterschool program.
- Arizona Department of Education: A total of \$138,600 from the General Fund in FY 2024 is allocated to ADE for the following:
 - \$76,000 for county jails education programs. The budget does not specify county allocations of this amount.
 - \$52,600 for juvenile detention centers. This amount includes \$22,600 for Yavapai County, \$20,000 for Pinal County, and \$10,000 for Maricopa County.
 - \$10,000 for Gila County jail education.
- Judiciary – Superior Court: A total of \$7,048,400 from the General Fund in FY 2024 is allocated to the Superior Court for the following:
 - \$6,749,200 to cover the remaining state share of probation officer salary increases approved by county Boards of Supervisors for FY 2023. The budget does not specify county allocations of this amount.
 - \$149,600 and 1 FTE Position for the state share of funding for a new Superior Court Judge in Yavapai County.

- \$149,600 and 1 FTE Position for the state share of funding for a new Superior Court Judge in Yuma County.
- Arizona Department of Transportation: A total of \$21,475,100 from the General fund in FY 2024 is allocated to ADOT for the following:
 - \$8,600,000 for the Santa Cruz County I-19 Rio Rico/Ruby Road Interchange capital project.
 - \$6,100,000 for the Cochise County Moson Road Drainage (SR-90 to Hereford Road) capital project.
 - \$4,250,000 for Navajo County SR-260 improvements.
 - \$1,781,500 for Graham County Safford Bryce Road improvements.
 - \$500,000 for the Graham County Norton Road/Reay Lane Intersection capital project.
 - \$243,600 for the Gila County Houston Mesa Road - SR-260 to National Forest Route 199 capital project.
- State Treasurer: A total of \$13,916,200 in FY 2024 is allocated to the State Treasurer for the following:
 - \$9,000,000 from the General Fund to Mohave County for capital improvements to the Lake Havasu substation, the boating safety center on Lake Havasu, the Mohave Valley substation, and the Beaver Dam substation.
 - \$2,500,000 from the General Fund to distribute to county sheriffs for search and rescue-related equipment to enhance the sheriff's search and rescue mission capabilities as follows:
 - Cochise County – not more than 18.0%
 - Coconino County – not more than 21.0%
 - Gila County – not more than 2.5%
 - Greenlee County – not more than 0.5%
 - Mohave County – not more than 21.0%
 - Navajo County – not more than 0.5%
 - Pinal County – not more than 22.0%
 - Yavapai County – not more than 13.5%
 - Apache, Graham, La Paz, Maricopa, Pima, Santa Cruz, and Yuma Counties – not more than 1.0% combined on a first-come, first-served basis.
 - \$860,000 from the General Fund to La Paz County for server replacement, public safety dock and boat lifts, and the Salome substation roof.
 - \$930,000 from the Peace Officer Training Equipment for firearm training simulators to be distributed as follows:
 - \$330,000 to the Maricopa County Sheriff's Office.
 - \$300,000 to the Mohave County Probation Department.

- \$300,000 to the Navajo County Sheriff's Office.
- \$500,000 from the General Fund to the Mohave County Sheriff's Office for vehicle purchases.
- \$126,200 from the General Fund for property owner notification systems to be distributed as follows:
 - \$25,000 to Mohave County.
 - \$17,000 to Coconino County.
 - \$10,000 each to Apache, Cochise, Graham, Greenlee, La Paz, Navajo, and Santa Cruz Counties.
 - \$7,200 to Gila County.
 - \$7,000 to Yuma County,
- Department of Veterans' Services: \$3,000,000 from the General Fund in FY 2024 to be distributed to Gila County for the Pleasant Valley veterans retreat.

This is not an exhaustive list of county-related funding in the FY 2024 budget. *(Please see the specific agency narratives for more details on these allocations.)*

New County Savings

The budget includes the following estimated savings to counties:

- Department of Juvenile Corrections: The FY 2024 Criminal Justice BRB repeals the requirement for Pima County to pay an assessed amount by its proportional share by population for the costs of DJC. The budget includes an increase of \$1,726,900 from the General Fund and corresponding decrease of \$(1,726,900) from the DJC Local Cost Sharing Fund in FY 2024 to remove Pima County's contribution to the department's operating expenses. *(Please see the DJC section for more information.)*