

County Funding

	FY 2022 ACTUAL	FY 2023 ESTIMATE	FY 2024 BASELINE
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 Baseline 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 Baseline 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 Baseline includes \$7,650,650 from the General Fund in FY 2024 for assistance to small counties. 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 Baseline would, 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

Baseline would continue to require 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.)

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 3 on the next page shows county expenditure limits set by the Commission for FY 2023 along with the FY 2020 expenditure limits and county expenditures that were subject to the expenditure limit in FY 2020.

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 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 2 shows the utilization of the county flexibility language in FY 2022 and FY 2023.

	FY 2022	FY 2023
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

Table 3**County Expenditure Limits ^{1/}**

County	Fiscal Year	Expenditure Limits	Expenditures Subject to Limit
Apache	2019	\$ 17,101,000	\$ 17,069,800
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	2020	14,044,00	13,539,600
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	2019	23,956,900	23,956,900
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.