

County Funding

	FY 2023 ACTUAL	FY 2024 ESTIMATE	FY 2025 BASELINE
SPECIAL LINE ITEMS			
Coordinated Reentry Planning Services	7,000,000	7,000,000	0
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	17,650,700	17,650,700	10,650,700
FUND SOURCES			
General Fund	17,650,700	17,650,700	10,650,700
SUBTOTAL - Appropriated Funds	17,650,700	17,650,700	10,650,700
TOTAL - ALL SOURCES	17,650,700	17,650,700	10,650,700

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 no funding in FY 2025 for Coordinated Reentry Planning Services. Adjustments are as follows:

Remove One-Time Funding

The Baseline includes a decrease of \$(7,000,000) from the General Fund in FY 2025 to remove the final year of county grant funding for reentry planning programs.

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.

Table 1 shows the actual and planned allocations for reentry planning programs from FY 2022 to FY 2024.

County	FY 2022 Actual	FY 2023 Actual	FY 2024 Planned	Total ^{1/}
Mohave	\$ 5.0	\$ 2.3	\$ 2.3	\$ 9.7
Pinal	4.0	2.3	2.3	8.7
Yavapai	1.0	2.3	2.3	5.7
Total ^{1/}	\$ 10.0	\$ 7.0	\$ 7.0	\$ 24.0

^{1/} Totals may not add due to rounding.

Elected Officials Retirement Plan Offset

The Baseline includes \$3,000,000 from the General Fund in FY 2025 for the Elected Officials Retirement Plan (EORP) Offset. This amount is unchanged from FY 2024.

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.

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

Small County Assistance

The Baseline includes \$7,650,650 from the General Fund in FY 2025 for Small County Assistance. This amount is unchanged from FY 2024.

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 2). Graham County receives \$1,050,050.

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 2025, 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, 2024. (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 shows county expenditure limits set by the Commission for the most recent year with available data.

Table 3

County Expenditure Limits ^{1/}

County	Fiscal Year	Expenditure Limits	Expenditures Subject to Limit
Apache	2020	\$ 17,658,900	\$ 12,480,300
Cochise	2022	72,697,700	68,521,900
Coconino	2017	58,875,400	58,875,400
Gila	2022	45,897,500	45,507,500
Graham	2022	17,371,800	12,233,200
Greenlee	2021	14,121,500	12,278,100
La Paz	2021	33,322,500	15,822,900
Maricopa	2022	1,527,423,500	1,527,423,500
Mohave	2022	214,534,900	99,969,100
Navajo	2022	52,398,000	35,972,300
Pima	2022	623,628,000	623,627,000
Pinal	2021	294,703,000	160,606,000
Santa Cruz	2021	25,203,200	25,203,200
Yavapai	2021	133,613,100	120,154,400
Yuma	2022	110,387,700	97,698,700

^{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.

County Flexible Revenue Report

The FY 2024 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 2024. 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, 2023.

Of the 12 eligible counties, 3 reported using the flexibility in FY 2024:

- 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 8 counties indicated that they are not utilizing this provision: Cochise, Gila, Graham, Greenlee, Mohave, Navajo, Yavapai, and Yuma. Santa Cruz County did not report their use of the flexibility provision.

Table 4 shows the utilization of the county flexibility language in FY 2023 and FY 2024.

County Flexibility Language Utilization		
	<u>FY 2023</u>	<u>FY 2024</u>
Apache	\$1,050,000	\$1,050,000
Coconino	1,250,000	1,250,000
La Paz	<u>1,250,000</u>	<u>1,250,000</u>
Total	\$3,550,000	\$3,550,000