



## County Manager's Transmittal Letter

To: Lionel Ruiz, Chairman, District 1  
Sandie Smith, District 2  
David Snider, District 3

With pleasure, I present to you the Fiscal Year 2006-2007 Budget. This balanced budget, through its goals and objectives, reflects the Mission, Vision and Values of Pinal County. It was created with careful planning and teamwork of elected officials and employees throughout the organization.

The three main priorities for the year are; Transportation, Public Safety and Primary Property Tax Reduction.

Pinal County continues to be one of the fastest growing counties in the nation. Projections show the County with a population of 1,000,000 citizens within the next ten years. We, as county employees, are trying to keep up with the fast pace of growth. Many new and exciting challenges are taking place within our boundaries. The Phoenix-metro and Tucson-metro areas have discovered the beauty, charm and affordable costs associated with our county.

The County's economy is also growing, due primarily to the County's continued explosive population growth, with General Fund revenues surpassing prior year's collections. The primary revenue growth is in property tax collection. However, the vast majority of the increase (\$6.0 million out of \$7.0 million, or 86 percent) comes from newly constructed housing units, rather than existing properties. Sales tax revenue, both County and State-shared revenue, is also increasing. As more businesses move to Pinal County, this line item should see dramatic increases. The combined operating and capital budgets total \$404.0 million, which represents an increase of 13.2 percent over the prior year.

Budget Highlights for Fiscal Year 2007 include the following:

- Sheriff Patrol Region 4 - \$3.825 million
  - Sheriff Substation Region 4 - \$400,000
  - Superior Court Division IX - \$320,000
  - Pretrial Services - \$350,000
  - Primary Property Tax reduction – (\$2.2) million
  - County School Equalization reduction – (\$6.3) million
  - Citizen's Call Center - \$75 ,000
  - Regional Transportation Plan - \$400,000
  - Area Drainage Master Plan - \$400,000
  - Impact Fee Program - \$3.25 million
  - Ironwood/Gantzel Road Project - \$68.5 million
  - State-mandated increase in the Arizona State Retirement System contribution - \$1.3 million
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- Facilities planning for all County Offices, in order to meet the growth needs
- Continued retention of employees through competitive wages and health benefits - \$3.35 million
- Additional State-mandated funding for the Arizona Health Care Cost Containment System (AHCCCS) - \$1.5 million
- Continued update of Technology related items - \$1.2 million

As previously mentioned, this budget focuses on three primary goals: Transportation, Public Safety and Property Tax Reduction.

As directed by the Board of Supervisors, the County Manager, Assistant County Managers, Elected Officials and Department Heads have worked in concert with the Budget Office to produce a budget that concentrates on promoting these three key points.

### **Transportation**

Transportation in Pinal County is a critical issue due to the population growth. Pinal County covers 5,400 square miles and has over 2,200 miles of roads to maintain each year. A vast majority of these roads are two-lane country roads designed for minimal traffic.

The Board of Supervisors realizes that Pinal County cannot operate in a vacuum. The Board also understands that Pinal County roads do not stop at the county line. To assist in a regional planning process, the Board has created a partnership with the surrounding counties and cities to begin work on studies that will enable a more efficient flow of traffic from one area to another.

As examples of this forward-thinking process, Small Area Transportation Studies have begun in all of the cities and towns within the County. These groups develop plans that meet their needs now and into the future. Once these plans have been completed an overall Pinal County Transportation plan will be created.

To assist in building roads, the Board of Supervisors has adopted Development Impact Fees. These fees are assessed to new homes, commercial and industrial construction. The Arizona State Statutes allow Pinal County to charge Development Impact Fees to offset the government's costs associated with providing public services and facilities to new developments. Pinal County can statutorily charge fees for Transportation, Public Safety and Parks/Trails, Water and Sewer, but will only assess fees for the first three items. The fees collected will not solve all of the issues related to growth, but the fees will assist in planning, construction and payment of the roads.

The Board of Supervisors also is working on economic development plans for the County. Currently, most commercial and industrial businesses reside in Pima and Maricopa counties. By developing Pinal's commercial base, our citizens will be able to live and work within the County, rather than driving into the neighboring counties. This too, will help alleviate the traffic problems.

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Examples of some major transportation projects within Pinal County are Ironwood Drive and Park Link Road. Ironwood, which services the northern part of the County, had traffic counts of approximately 1,800 vehicle trips per day in 1999. Today, Ironwood Drive has over 25,000 vehicle trips per day. Such an increase has required the County to engineer a road that will handle this volume. The result is a four-lane road with raised median and gutters that will run approximately 18-miles from the U.S. 60 Freeway south to Hunt Highway. This project is estimated to cost approximately \$85 million. In order to fund such a large project, the County has partnered with the Greater Arizona Development Agency (GADA). GADA provides a financing program for developing areas that is backed by the State of Arizona. GADA will, essentially, take its bonding capacity and borrow funds and in turn loan these funds to the approved organizations, such as Pinal County. This creative funding structure has allowed the County to proceed with the extremely large Ironwood Drive project. Without this partnership, this project would have been postponed until funding was available.

Another soon-to-be major road is Park Link, in the southern part of the County. This road is being developed in small increments. To date, nine-miles of road have been paved with another ten miles that are still dirt road. This corridor is planned to be commercial and industrial. As economic development occurs in this area, Impact Fees and other sources will be used to complete this thoroughfare.

### **Public Safety**

The Pinal County Board of Supervisors is aware that the need for increased public safety comes with tremendous population growth. However, Public Safety encompasses more than just the Sheriff. In fact, Public Safety covers: the Sheriff, County Attorney, Superior Court, Clerk of the Court, Adult/Juvenile Probation, Adult/Juvenile Detention and the local Justice Courts.

Each of these areas requested and were awarded additional staff and equipment to meet the demands of growth within the County.

### **Sheriff**

The Pinal County Sheriff's Office requested and was granted an expansion of an additional patrol region for the County. Currently, the San Tan region (north-central County) is unincorporated, but has a population of approximately 35,000 residents. Many of the residents have moved from the central Phoenix-Mesa area to the more rural San Tan region. However, these residents are expecting and requesting services that are similar services provided in an incorporated area. The region will consist of 37 new Sheriff Officers. The cost to fund this region is approximately \$3.2 million, which includes the salaries and all related equipment (vehicles, weapons, etc.). The ongoing costs which include salary, fuel, vehicle maintenance, etc. will be approximately \$200,000 per year.

### **Adult Detention**

The current Adult Detention Facility has been undergoing an expansion for the last year and a half. Completion is scheduled for November 2006. The expansion will allow the County to go from a current capacity of 477 inmates to over 1,500 inmates. The total cost for the expansion is

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approximately \$54.4 million. Debt service on this project will be paid for, in part, through an Intergovernmental Agreement (IGA) with the Immigration and Customs Enforcement Agency (ICE), an agency of the Federal Government. The County will house up to 650 prisoners with a per diem rate of approximately \$60 per day. The pro forma for this project estimates an annual revenue stream of up to \$14.0 million from the IGA. This revenue will help to offset the debt service (\$5 million) and operating of costs of almost \$10 million.

### **Juvenile Detention**

The County will complete the construction of a new Juvenile Detention Facility. This new facility replaces the County's original detention center built in 1970. The old facility housed up to 65 juveniles. The new facility will initially hold up to 96 juveniles, but is designed to be expanded to hold up to 192 juveniles, when the need arises. This project is budgeted for \$14.2 million and a completion date of November 2006.

### **County Attorney**

The County Attorney's office is responsible for prosecuting all felony criminal cases. An unfortunate side-effect of population growth is additional criminal case filings. The County Attorney's office received two additional prosecutors and a legal secretary to help alleviate the caseload on the current prosecutors. Additional equipment is funded through the County Attorney's RICO accounts. These funds help offset additional burdens on the General Fund, thus freeing up funds for other requests. Total staffing costs are approximately \$260,000.

### **Superior Court**

According to Arizona State Statutes, for every thirty-thousand residents, there shall be on Superior Court Judge. Currently, the population of Pinal County is estimated at 250,000 residents. This increase has caused the County to request the ninth court division.

This new division will require not only a Judge, but a Judicial Assistant, Justice Court Clerk I, Data Entry Operator and a Court Interpreter. Total additional personnel costs for the Courts are approximately \$120,000. On top of the cost for personnel, there are equipment and facility costs totaling approximately \$30,000. The current Superior Court building was built with additional courtrooms that were to be finished as the need arose. The plan was for a ten-year build-out. However, the growth has caused the build-out to happen in the first three years. The last courtroom build-out will cost approximately \$600,000.

### **Clerk of the Court**

When a new Superior Court division is added the Clerk of the Court must also add additional staff. Each Court must have a Court Reporter and Courtroom Clerk. These two positions are essential to ensure that records are kept and files are coordinated between judges and attorneys. The Clerk of the Court requested four new positions to assist with the newly created Superior Court division. Total personnel cost, including associated equipment is approximately \$165,000.

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**Adult/Juvenile Probation**

Probation, both Adult and Juvenile, are designed to place individuals that do not pose a risk to the community under supervision, rather than placed into a detention facility. These two departments have been taking on more individuals as the population has grown.

One benefit of placing individuals on probation rather than in detention, allows the County to push out the time needed to build additional detention space, thus saving the County millions in construction costs and debt service.

The costs for the additional personnel and equipment for both Adult and Juvenile Probation is approximately \$400,000.

**Pretrial Services**

Pretrial Services program is being created as an alternative to incarceration and will provide defendants that are initially unable to post bail, the opportunity to be interviewed to determine eligibility for release from jail under a supervised program administered by Pretrial Services, a division of Adult Probation. Pretrial Services will be responsible for interviewing defendants prior to their initial court appearance and making a bond recommendation to a judicial official.

The cost for Probation Officers and Clerical staff needed to establish this new program is approximately \$350,000.

**Justice Courts**

The Pinal County Justice Courts handle all cases below felonies. Typically, these include civil small claims, family disputes, traffic violations, etc.

Population growth within the County has centered in two primary areas, the northern and western portions of the County. These two courts have requested additional staff to handle to the large increases in paperwork from all of the court filings. Total costs for the Justice Courts is approximately \$75,000.

**Property Tax**

The Board of Supervisors approved a decrease of approximately \$0.15 in the Primary Property Tax Rate. This decrease equates to approximately a \$2.2 million reduction in revenue for the County. This rate reduction equals approximately \$15 for \$100,000 of assessed value, for the homeowner. The Board also decreased the School Equalization rate by \$0.43. This equates to a decrease of approximately \$43 per \$100,000 of assessed value, for the homeowner. The total decrease in property tax rates is approximately \$0.58 for FY2007. This equates to about \$58 per \$100,000 of assessed value, for the homeowner. The total reduction in primary property tax revenue is forecasted to be \$8.5 million for FY2007.

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**Employee Retention/Training** The County must do all that it can to attract and retain its employees. Our physical location is between the two largest metropolitan areas of the state. Typically, wages and salaries will be higher in these areas than within Pinal County. However, due to the growth of the county, which means additional tax revenue, the county has been able to offer competitive wages and salaries. For FY07, the county will be spending approximately \$3.4 million in longevity/COLA increases. The County has made an effort to improve its training options for employees. The Human Resources department has brought in trainers to teach classes and employees have had an option to sign-up for off-campus training. This increase in training opportunities has helped retain our valued employees.

**Fund Balance** Pinal County Board of Supervisors, for FY2007, passed a revised resolution that states the County must maintain a minimum unreserved fund balance of fifteen percent of its General Fund expenses. As recently as the late-80's, the county was unable to maintain such a rate. However, due to continued conservative fiscal planning the county not only meets the five percent minimum, but also has continually surpassed the goal for the last 15 years. This surplus has allowed the county to renovate areas or purchase desperately needed equipment. It is understood that this balance is to be used for one-time purchases only. Salaries are never considered when using the fund balance. The fund balance, barring unforeseen costs, should increase by at least \$2 million this fiscal year.

**Conclusion**

In conclusion, Pinal County has been experiencing exponential population growth, which leads to housing and business construction, and our revenues have not been adversely affected by changes in the economy. This growth has enabled the county to maintain and in some cases increase, its current service levels. Pinal County, due to its dedicated employees, is capable of maintaining a strong, financial position into the foreseeable future.

With the large increases in population, this budget includes some exciting and innovative projects that will enable to County to meet the ever-growing needs of its citizens. Today, we are better than we were, but not near good as we are going to be.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Doolittle".

Terry Doolittle,  
County Manager



## **Fiscal Year 2006 – 2007**

### **Board of Supervisors' Goals**

#### **1. Transportation**

- Implementation of Impact Fee Program
  - Fees will assist in debt service of transportation projects
- Small-Area Transit Study
  - Allows for a cohesive effort to solve transportation issues
- Create Regional Transportation Plan
  - Work with other governmental agencies to ensure efficiency in traffic flows
- Complete Ironwood/Gantzel Road Project

#### **2. Public Safety**

- The Board of Supervisors and county management support the Sheriff's office in the creation of a new Region Four, which will staff and build a new substation.
- Establish a new program, Pretrial Services, within the Adult Probation department.
- Expansion of Superior Court Division IX.

#### **3. Customer Service**

- Establish Call Center
  - 2007 Customer Service Campaign
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## HOW TO MAKE THE MOST OF THIS DOCUMENT

The budget document serves two distinct purposes. One purpose is to present the Pinal County Board of Supervisors and public with a clear picture of the services that the county provides and of the policy alternatives that are available. The second purpose is to provide county management with a financial and operating plan that conforms to the county's accounting system.

**Budget Overview and Summary Schedules** - These sections are provided to give the Board of Supervisors and general public an overview or snapshot of the entire county's budget. The summary schedules allow for an additional level of information without having to look at the lowest level of detail.

**Budget Message and Budget Summary** – These sections provide an overview of the key policy issues and programs.

With a few exceptions, Pinal County's fund structure also corresponds to program categories; e.g., General Services, Public Works, Long Term Care, etc. Each Fund is broken down into organizational groups that are in turn divided into departments and divisions. Each division is subdivided into one or more programs.

**Departmental Budget Schedules** – This section includes the departmental budget information on services and goals, accomplishments, staffing and an interesting trivia fact about the department or sector.

**Capital Budget** – The Capital Improvement Budget details the FY2005-06 capital appropriations budget for the county. The General Fund capital plan is for the current fiscal year, while the Public Works sector lists projects for the next five years.

**Tax Levies and Rates** – This section lists all of the taxing entities within Pinal County. They are categorized by their purpose. It shows current fiscal year and prior fiscal year for comparison.

**Glossary** – The glossary, located in the appendix, helps translate some of the budget jargon into plain English.



## **Fiscal Year 2006 – 2007 Budget Calendar**

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| 9/06 to 1/07  | Prepare long-range financial forecast and preliminary short-term revenue projections. Management team sets overall budget preparation policies.  |
| 2/3/07        | Budget Kick-off meeting. Orientation and training to be held at the Long Term Care Building in the conference room. Budget manual with instructions to be placed on the Budget Office website. Personnel control report and budget worksheets to be handed out at orientation. |
| 3/4/07        | Budget requests are entered into computer system and system is turned off. Capital outlay and new position requests are due to the Budget Office at same time.   |
| 3/7 to 4/1/07 | Budget negotiations are held with departments and the tentative budget is prepared.  |
| 4/26/07       | CIP requests presented to the CIP committee. This includes new vehicles, facilities, and equipment.  |
| 4/28/07       | New positions requests are presented to the Personnel Review committee.  |
| 6/22/07       | Public hearing and adoption of the tentative budget by the Board of Supervisors.   |
| 7/07 to 8/07  | Tentative budget advertised in the Florence Blade and Reminder Tribune.  |
| 8/3/07        | Public hearing and adoption of the final budget by the Board of Supervisors.   |
| 8/10/07       | Public hearing and adoption of property tax levies and rates by the Board of Supervisors. ARS 42-304 requires this action to follow final budget adoption by seven days.   |
| 9/9/07        | Final Budget document published and available to the public.   |
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**BUDGET AMENDMENTS:** Under the County's expenditure limitation, total expenditures cannot exceed the final appropriation - \$404 million in FY 06-07 – once the budget is adopted. The county can amend the total appropriations for an individual fund. However, to guarantee compliance with the expenditure limitation, when one fund's total appropriation is increased, another fund's appropriation must be reduced by an equal amount. Amendments to fund total appropriations require County Manager and Board of Supervisor approval.

The Board of Supervisors or the County Manager may also approve the transfer of appropriations within funds. This occurs most often in the case of capital improvement projects, where savings in one project are transferred to another project. These amendments, as well as uses of any contingency accounts, require County Manager approval.

The Budget Resolution also allows for department heads to transfer appropriations within their respective departments or divisions. The budget transfers are reviewed by the Budget staff, County Manager or Deputy County Manager. All administrative budget transfers are documented by the Budget Office and tracked in the county's computerized financial system.

**BUDGET BASIS:** The budgets of general government type funds (for example, the General Fund itself, Public Safety, Public Works) are prepared on a modified accrual basis. Briefly, this means that obligations of the county (for example, outstanding purchase orders) are budgeted as expenditures, but revenues are recognized only when they are measurable and available.

The Enterprise Funds (Long Term Care, Fairgrounds) also recognize expenditures as encumbrances when a commitment is made (e.g., through a purchase order). Revenues, on the other hand, are recognized when they are obligated to the county (for example, fairground fees are recognized when parties use the facilities).

Purchase orders for goods and services received prior to the end of the current fiscal year will be eligible for payment for a period of sixty days following the close of the fiscal year. However, in all cases (Enterprise Funds and General Governmental Funds) when goods and services are not received by year-end, the encumbrances lapse.

The Comprehensive Annual Financial Report (CAFR) presents the status of the county's finances on the basis of "generally accepted accounting principles" (GAAP). Since FY05, the CAFR has been prepared in compliance with the Government Accounting Standards Board (GASB) Statement 34 requirements. The CAFR also shows fund expenditures on a GAAP basis and a Budget basis for comparison purposes. In most cases, this conforms to the way the county prepares its budget. Exceptions are as follows:

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- a. Compensated absences liabilities that are expected to be liquidated with expendable available financial resources are accrued as earned by employees (GAAP) as opposed to being expended when paid (Budget).
- b. General staff and administrative charges are recognized as direct expenses of the Long Term Care Fund on a GAAP basis as opposed to being accounted for and funded by operating transfers into the General Fund from the Long Term Care Fund on a Budget basis.
- c. Capital outlays within the Enterprise Funds are recorded as assets on a GAAP basis and expended on a Budget basis.
- d. Depreciation expense is recorded on a GAAP basis only.

The Comprehensive Annual Financial Report shows fund expenditures and revenues on both a GAAP basis and Budget basis for comparison purposes.

Copies of the Comprehensive Annual Financial Report are available from the Pinal County Finance Department. Please contact the department at 520-866-6255 or go to the Pinal County website, [www.co.pinal.az.us](http://www.co.pinal.az.us).



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