

REVENUE (General Fund)

PURPOSE OF SECTION

To familiarize the users of this document with the variety of the County's revenue sources that support the general fund. This section includes various trends and methods of assessing, levying, and collecting of these revenue sources.

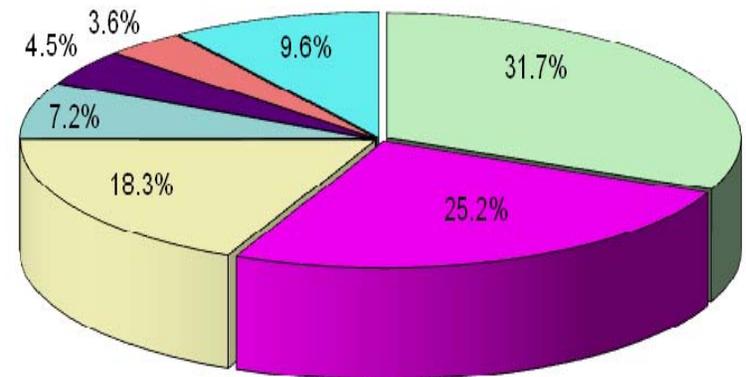
TOP SIX SOURCES

The following are the top six revenue sources for the general fund for fiscal year 2009-10. The first percentage is that of this fiscal year 2009-10 and in brackets is the rank and percentage for the prior fiscal year 2008-09:

- #1 County property tax, primary – 31.7% (1st @ 29%)
- #2 State shared transaction privilege tax – 25.2% (2nd @ 28%)
- #3 County transaction privilege (sales) tax – 18.3% (3rd @ 19%)
- #4 Auto tax – 7.2% (4th @ 8%)
- #5 Federal payment in lieu of tax (PILT) – 4.5% (5th @ 3%)
- #6 Indirect cost recovery – 3.6% (6th @ 2%)

A general explanation of all these major revenues and the details on how the County levies, assesses and collects them is in the following pages.

- Property Taxes
- State Shared Taxes
- County Sales Tax
- Auto Tax
- PILT
- Indirect Costs
- All Other



Eighty-eight percent (88%) of the general fund revenue is comprised of these six sources. These are the same top six sources as last fiscal year, and are the major indicators of the County's revenue outlook.

County property taxes and state shared transaction privilege (sales) taxes are the top two revenue sources. When combined they account for 57% of the general fund's total revenue.

County transaction privilege (sales) taxes and automobile taxes account for 18.3% and 7.2% of total revenue sources. Federal payment in lieu of tax (PILT) and the County's indirect cost recovery plan are 4.5% and 3.6%, respectively, of the general fund's total revenue.

These top six revenue sources have grown at a steady average of 4.5% over the last five (5) years, however with the current economic downturn it is anticipated these sources of revenues will have minimal growth until the economy turns around. It is expected this trend will continue until the economy as a whole begins to improve.

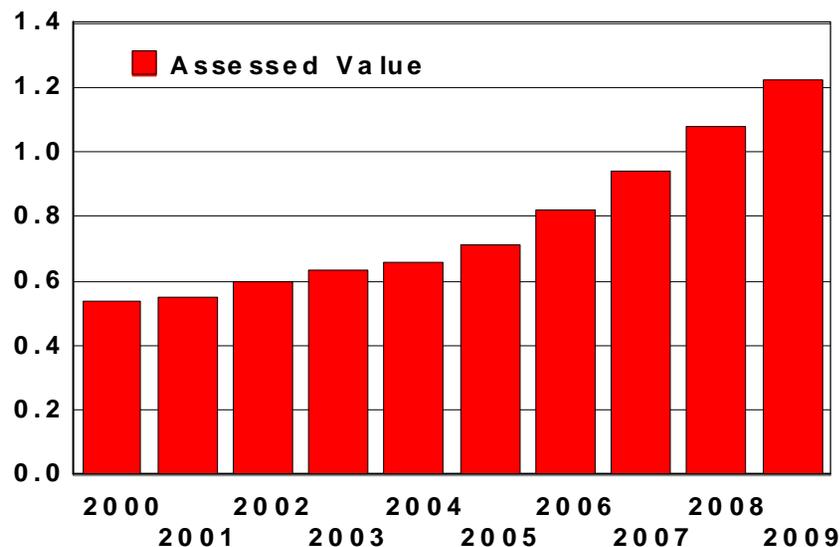


REVENUE (General Fund)

PROPERTY TAX

In tax year 2009 (fiscal year 2009/10), the net primary assessed valuation increased by 13.3% to \$1.2 billion with 28% attributed to new construction. Net primary assessed valuations increased by a higher percentage than the rest of the State of Arizona which had an increase of 11.8%. The primary assessed valuation is a legislated valuation, which is part of the formula when assessing taxes for general operations (general fund). An increase or decrease in assessed valuation alone does not equate to higher or lower tax liabilities.

Net primary assessed valuation has grown 72.2% over the last 5 years. The graph below shows a ten year history of the County's net primary assessed valuations (in billions).

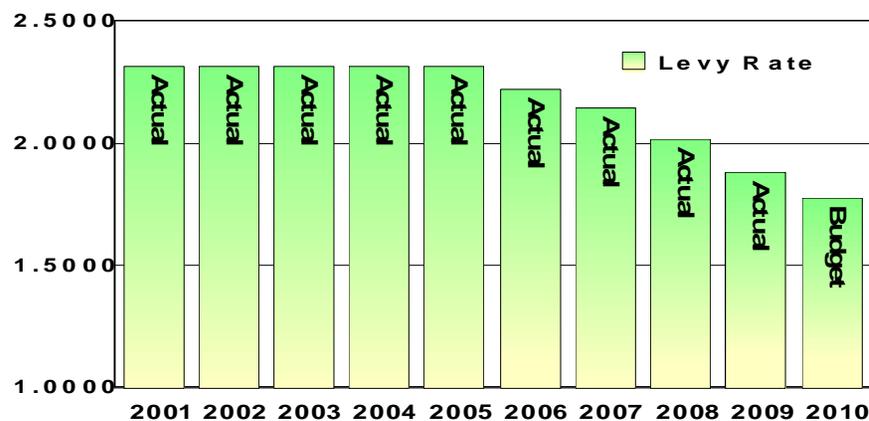


Residential property taxes are calculated by applying the tax rate adopted by the County Board of Supervisors, based on annual levy requirements, per \$100 to the property's assessed valuation. If a property has a full cash value of \$100,000 the assessed valuation for residential property would be 10% or \$10,000 and if the tax rate is \$1.7548, then the calculation for the County residential property tax would be:

$$\$100,000 \times 10\% / 100 \times \$1.7548 = \mathbf{\$175.48}.$$

The County levies property taxes for the general fund. The general fund portion is levied on primary assessments and is used for general governmental services. From fiscal year 1997/98 through 2004/05 the County had a consistent tax rate of \$2.3180 per \$100 assessed valuation. In the fiscal years since 2005/06, the County has reduced the tax rate each year to \$1.7548 per \$100 assessed valuation this year. This is a product of two factors: 1) the Board maintaining the primary (general fund) property tax increases to an aggregate of a 2% annually and 2) increases in the net primary assessed valuation.

The graph below shows the County's ten year history of primary property tax rates (general fund).





REVENUE (General Fund)

PROPERTY TAX (CONTINUED)

Levy Limit - Primary property tax levy: There is a strict limitation on how much a County can levy as a primary property tax. ARS 42-17051 states this levy shall be limited to an increase of 2% over the prior year's maximum allowable primary levy, plus increases due to a net gain in property not taxed the previous year (new construction). Even if the County does not adopt the maximum allowable primary levy from year to year, the 2% allowable increase will be based on the prior year's maximum allowable primary levy. The net gain in property factor is included in the calculation to take into account all new construction and any additional property added within the County.

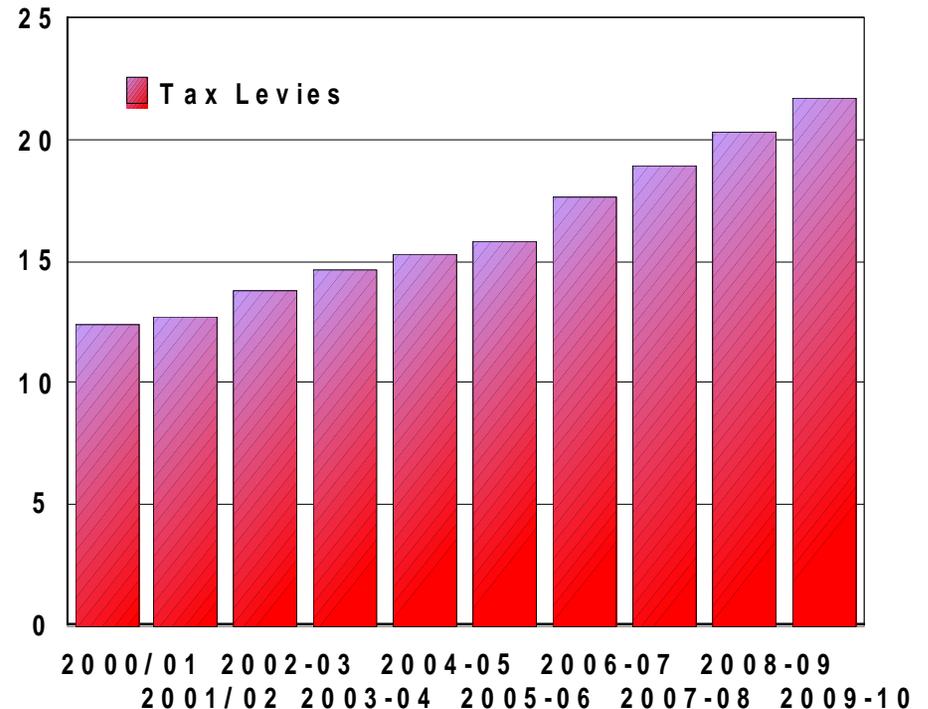
This 2% limitation on levies was part of the State's fiscal year 2006/07 legislative budget sessions, and a bill was passed resetting the base year used for the limitation calculation to tax year 2005 (fiscal year 2005/06). The maximum levy changed to equal the County's prior year actual levy, plus 2%, plus new construction. If a community was at the maximum, there is no impact. This only impacted those communities were not already at the maximum. Yuma County had historically preserved its levy capacity through sound financial planning. The result to the County was the loss of its unused levy capacity in the amount of 12 million over the last three years.

The primary property tax levy is estimated to continue to be at the maximum, as established in tax year 2005. This equates to an average 2% increase to taxpayers, as an aggregate, regardless of their home values appreciation; plus applying the same tax rate to the value of new construction. This levy is 7% higher than last fiscal year (2008/09), which is lower than the four year average increase of 8%.

The graph below shows the County's primary property levies (in Millions) for the past ten (10) years.

Note: The tax year is the calendar year in which the tax is levied rather than the government's fiscal year. For example:

- Tax year 2009 is the tax levied in calendar year 2009 (August 2009) for the fiscal year 2009/10 budget (beginning July1, 2009 and ending June 30, 2010).





REVENUE (General Fund)

PROPERTY TAX (CONCLUDED)

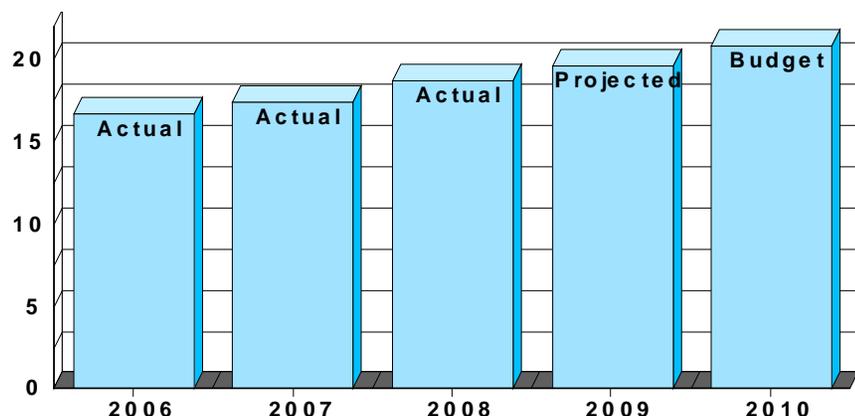
Property tax revenue: The Treasurer’s office is responsible for collecting and distributing property taxes for the county, cities and towns, community college, school and special districts in the County. Property tax collections are estimated to remain at the eight-year historical average of 97%.

The anticipated property tax revenue is derived from the following formula:

$$\text{Tax levy} \times 97\% \text{ collection rate}$$

Property tax revenues of \$20.8 million account for 31% of the general fund revenue. It is estimated to increase by 5.3% or \$1.0 million compared to last year (2009) which is a slight increase compared to the four year average increase of 6%, since more new construction was added for this tax year (2009).

The graph below illustrates a five year history of the County’s property tax revenues (in millions).

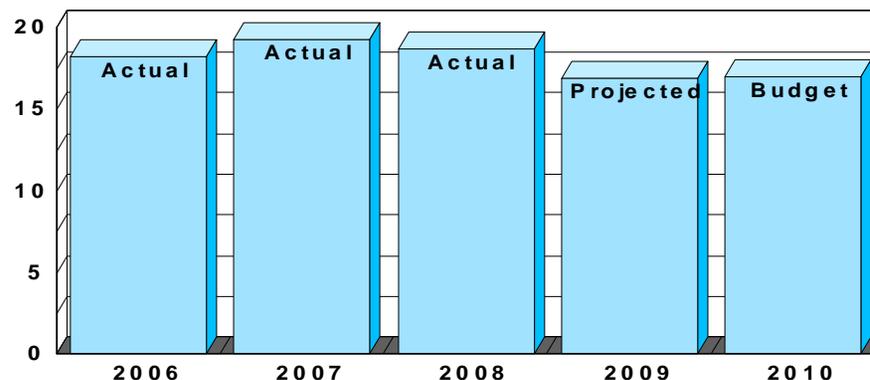


STATE SHARED TPT (SALES TAX)

The State’s transaction privilege (sales) tax rate on most taxable activities is 5.6% with several minor categories having tax rates ranging from 2.5% to 5.5%. An appropriated portion of this revenue is *shared* among Arizona counties, cities and towns. The tax is collected by Arizona Department of Revenue which is then allocated and distributed to counties, cities and towns based on their population. The non-*shared* portion of the tax is collected and allocated solely to the state.

State shared sales tax revenues of \$17.0 million accounts for approximately 25% of the general fund revenue. It has decreased 3.98% over the prior three fiscal years, but with current economic trends of the State taken as a whole, the estimated revenue for 2009/10 is .2% or \$29 thousand increase over the prior year 2008/09).

The chart below shows state shared transaction privilege (sales) tax revenues over the last five years (in millions).





REVENUE (General Fund)

COUNTY TPT (SALES TAX)

The County has a 0.50% transaction privilege (sales) tax for general uses. There are various transaction categories where a local transaction privilege (sales) tax is applied: mining, communications and utilities, transportation and warehousing, retail, rental and leasing, restaurant and bar, hotels, services, arts and entertainment, and construction.

The County transaction privilege (sales) tax revenues of \$12.3 million accounts for approximately 18% of the general fund revenue. Total County transaction privilege (sales) taxes have decreased .9% over the last three years, and are estimated to remain flat during this budget year based on local economic indicators.

To better understand and estimate future tax revenue collections, the County divides the County transaction privilege (sales) tax into three main categories:

- 1) Retail,
- 2) Construction and
- 3) All other.

Construction transaction privilege (sales) tax is considered a one-time revenue source since once the construction is complete it does not generate any further construction sales tax. *Retail* and *all other* categories of sales tax are considered continuing revenue sources and are strong indicators of the County's sustaining economic conditions.

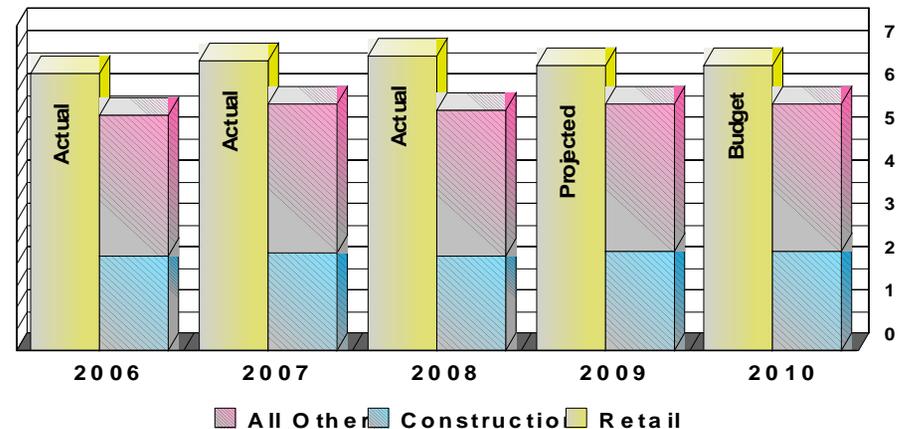
Retail sales tax collections have decreased 3.1% over the high of FY 2007/2008 and are estimated to remain flat this budget year.

Construction transaction privilege (sales) tax collections increased 5.1% over last fiscal year. However, local indicators also suggest no growth in this budget year.

All other transaction privilege (sales) tax collections have increased 1.3% over the last fiscal year, but are estimated to level off at approximately the same level at the same level as the current year activity.

The chart and graph below illustrates a five year history of the County's sales tax (in millions).

County transaction privilege (sales) tax by major category - in Millions					
	2005-06	2006-07	2007-08	2008-09	2009-10
Retail	\$ 6.4	\$ 6.7	\$ 6.8	\$ 6.6	\$ 6.6
Change from prior year	8.6%	4.7%	1.4%	-3.1%	0%
Construction	2.2	2.3	2.2	2.3	2.3
Change from prior year	7.5%	4.3%	-3.9%	5.1%	0%
All Other	3.3	3.4	3.4	3.4	3.4
Change from prior year	16.5%	4.5%	-1.6%	1.3%	0%
Total sales tax	\$ 11.9	\$ 12.4	\$ 12.4	\$ 12.3	\$ 12.3





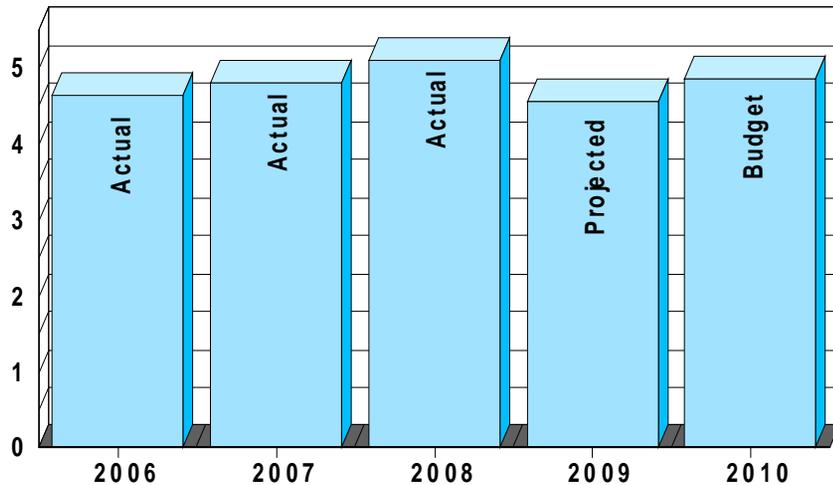
REVENUE (General Fund)

AUTO IN LIEU TAX

This source is also referred to as vehicle license fees. It is collected and distributed by the State to counties, cities and towns based on population. A portion of this tax is for general uses (general fund) and the other portion is restricted to road maintenance. The transportation portion is then further split by the County; half for development and half for maintenance.

Auto in Lieu tax revenues of \$4.8 million account for 7% of the general fund revenues. It is anticipated to increase 6.2% over the current year, however, this increase is due to a timing issue on receipt of the payments in the prior fiscal year.

The chart below shows auto in lieu tax revenues over the last five years (in millions).

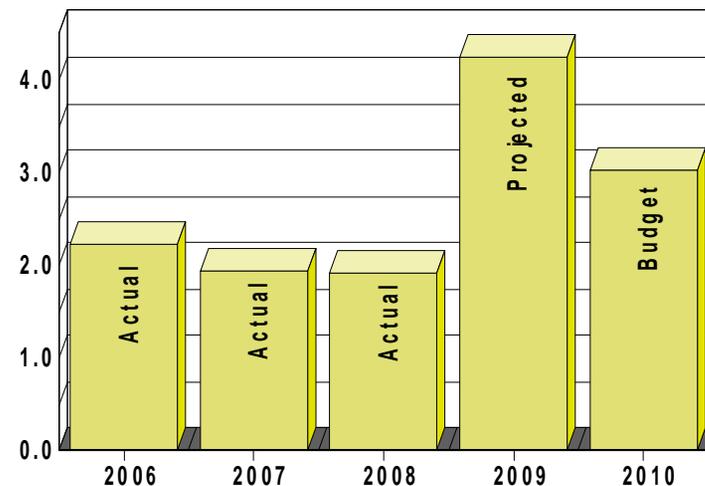


FEDERAL PAYMENT IN LIEU TAX (PILT)

This source is payable from the Federal Government to compensate the County for Federal land that is reserved and as a result considered tax-exempt. The actual amount paid to the County each year is appropriated by the U.S. Congress.

Federal Payment in Lieu Tax (PILT) revenues of \$3.0 million accounts for 4% of the general fund revenue. It is anticipated remain steady this fiscal year which is consistent with three of the last four years. The Federal Government decided to fully fund both FY 08 and FY 09 which explains the large amount received in FY 09.

The chart below shows Federal PILT over the last five years (in millions).



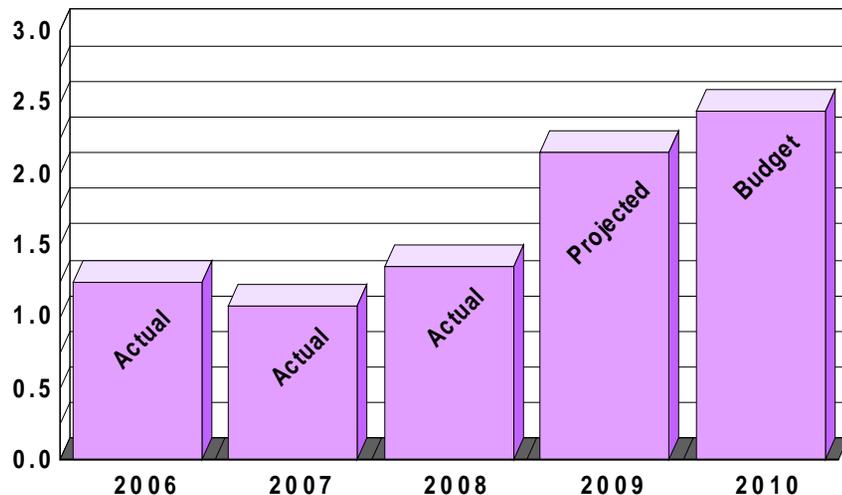


REVENUE (General Fund)

INDIRECT COST RECOVERY

Indirect cost recovery is a method of charging and recovering costs of services provided by central service departments of the general fund to other districts and funding sources where such recovery of costs are allowed. Some districts, such as the Jail and Health districts, directly charge some central services as they are provided, such as some custodial and accounting services. The direct charge approach is used when it is determined to be possible and most appropriate in the circumstance. The Indirect Cost Allocation Plan is prepared in compliance with OMB A-87 using a “double step-down” methodology.

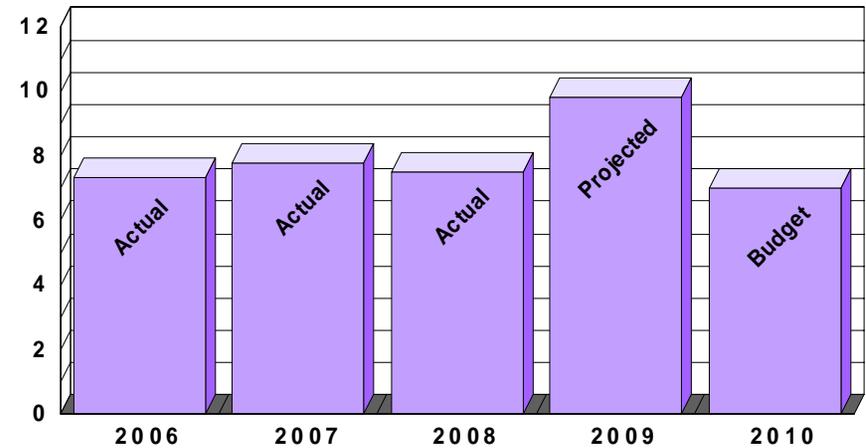
Indirect cost recovery revenue of \$2.4 million accounts for 4% of the general fund revenue. The chart below shows indirect cost recovery revenues over the last five years (in millions).



ALL OTHER REVENUE SOURCES

Revenues categorized as non-major or all other revenue sources include: miscellaneous taxes, licenses and permits, intergovernmental, charges for services, fines and fees, investment income, and miscellaneous revenues which fall short in total dollars when compared to the top six major revenue sources. However, the contribution by all sources in this category is an integral part of the County’s financial ability to deliver services.

All other revenues of \$7.0 million account for 10.4% of the general fund revenue; this is slightly lower compared to the last three fiscal years where all other sources accounted for 12% of total general fund revenue. This group has remained fairly consistent over the last several years if a large payment is excluded from FY 09. The chart below shows all other revenue sources over the last five years (in millions). A detailed list of all these revenues is on the next two pages.



REVENUE (General Fund)



ALL OTHER REVENUE SOURCES (DETAIL)

	2007/08 Actual	2008/09 Projected	2008/09 Budget	2009/10 Budget
Interest & penalties	\$599,416	\$650,000	\$550,000	\$550,000
Franchise tax	181,123	182,747	186,000	186,000
Total non-major taxes	780,539	832,747	736,000	736,000
Business license	3,665	1,000	1,000	1,000
Building permits	486,257	350,000	434,000	350,000
Plumbing permits	47,763	30,500	45,000	30,500
Electrical permits	87,725	71,200	85,000	71,200
Mechanical permits	29,742	21,400	26,000	21,400
Mobile home permits	63,604	46,740	70,000	46,740
Variance and special use permits	37,529	27,000	20,000	27,000
Sign and health permits	4,734	3,000	8,000	3,000
Environmental health permits	227,810	135,000	240,000	135,000
Activity based revenue	-	-	157,250	227,262
Total non-major license & permits	988,829	685,840	1,086,250	913,102
Federal grant proceeds	129,770	61,005	61,005	61,005
Southwest border initiative payments	(13,082)	2,800,000	500,000	40,000
State boat grant	202,147	236,706	216,491	245,450
State justice of the peace grant	101,730	98,951	107,980	114,853
State grant proceeds (all other)	-	-	27,503	-
State liquor license	31,267	30,000	29,000	29,000
State lottery	550,035	522,533	550,035	495,000
Agency reimbursements	22,480	7,337	-	-
Total non-major intergovernmental	1,024,347	3,756,532	1,492,014	985,308

	2007/08 Actual	2008/09 Projected	2008/09 Budget	2009/10 Budget
Rezoning application fee	\$ 75,575	\$ 26,000	\$ 70,000	30,000
Plan check fee	240,841	185,400	240,000	200,000
Subdivision fee	31,110	35,000	35,000	35,000
Modifications (planning & zoning)	2,940	2,800	5,000	3,000
Re-inspection fee	15,548	12,000	12,000	12,000
Temporary use permit	6,160	6,000	6,000	6,000
Planning and zoning books	1,298	600	3,300	1,000
Recorder fee	458,767	344,000	520,000	350,000
Payroll garnishment fee	2,613	2,400	2,000	2,000
Attorney fee	402,764	398,000	330,000	400,000
Special district charges	316,684	368,690	316,000	342,461
Treasurer office fees	8,623	8,000	8,000	8,000
Sheriff fees	34,390	19,000	30,000	76,000
Boarding juvenile prisoner	203,659	73,000	153,000	153,000
Septic Reassignment Fee	14,620	5,000	0	10,000
Public fiduciary fees	52,823	70,000	50,000	50,000
Cremation Fees	275	10,000	20,000	20,000
Assessor office fees	3,825	3,000	6,000	4,000
Total non-major charges for services	1,872,515	1,568,890	1,806,300	1,702,461
Superior court fees	293,417	201,000	303,000	303,000
Constable fees	34,747	33,300	41,000	41,000
Justice of the peace #1 fees	937,159	1,300,000	970,000	1,100,000
Justice of the peace #2 fees	120,487	128,000	128,000	128,000
Justice of the peace #3 fees	289,208	276,000	277,000	277,000
House arrest fees	20,628	9,000	23,000	23,000
Juvenile court fines and fees	76,439	55,500	85,000	85,000
Work furlough fees	30,491	28,500	25,000	25,000
Zoning violations	15,002	18,454	17,750	15,000
Fare/JAU initiative revenues	0	0	100,000	75,000
Total non-major fines and fees	1,817,578	2,049,754	1,969,750	2,072,000



REVENUE (General Fund)

ALL OTHER REVENUE SOURCES (DETAIL)

	2007/08 Actual	2008/09 Projected	2008/09 Budget	2009/10 Budget
Interest income	560,995	450,000	450,000	300,000
Total non-major investment income	560,995	450,000	450,000	300,000
General rent	6,001	6,001	6,001	6,001
Housing property rent	10,121	10,121	10,121	10,121
Total non-major rents	16,122	16,122	16,122	16,122
Bad check fees	3,221	2,600	2,575	2,575
Miscellaneous	3,115	0	27,337	0
Vending machine proceeds	17,169	12,200	17,000	17,000
Void and stale dated revenue	42,625	20,100	6,000	20,000
Restitution and other payments	5,769	5,300	3,000	5,000
Sale of county assets	25,094	40,800	28,000	28,000
Election revenues	197,965	251,000	212,000	120,500
Other miscellaneous	169,836	150,000	10,000	58,500
Total non-major miscellaneous	464,794	482,000	305,912	251,575
Total non-major revenues	7,525,719	9,841,885	7,862,348	6,976,568
Total top 6 revenues	58,183,671	59,896,360	60,909,221	60,460,871
Total current revenues	65,709,390	69,738,245	68,771,569	67,437,439
Revenue reversion	14,311	3,832,198	3,312,948	0
Transfers in	189,625	0	0	0
Total all current sources	65,913,326	73,570,443	72,084,517	67,437,439

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REVENUE (All Funds)

PURPOSE OF SECTION

To familiarize the users of this document with the variety of the County’s revenue sources. This section includes various trends and methods of assessing, levying, and collecting of these revenue sources.

TOP TEN SOURCES

Eighty six percent (86%) of the County’s revenue is comprised of ten (10) major sources. These sources are the primary indicators of the County’s revenue outlook. The top ten revenue sources for fiscal year 2009/10 are:

- #1 County property tax, primary – 22.7% (\$35.0 Million)
- #2 County transaction privilege (sales tax)–16.8% (\$27.2 M)
- #3 State shared revenue (sales tax) – 11.1% (\$18.0 M)
- #4 One time improvement district grant – 9.3% (\$15.0 M)
- #5 Highway User Revenue Fund (HURF) – 6.7% (\$10.8 M)
- #6 Juvenile and Probation grants – 4.9% (\$7.8 M)
- #7 Auto lieu tax – 4.6% (\$7.4 M)
- #8 Health and housing grants – 4.3% (\$6.9 M)
- #9 Funds generating activities – 3.4% (\$5.9 M)
- #10 Workforce investment act – 3.6% (\$5.5M)

A general explanation of all these major revenues and the details on how the County levies, assesses and collects them is in the following pages.

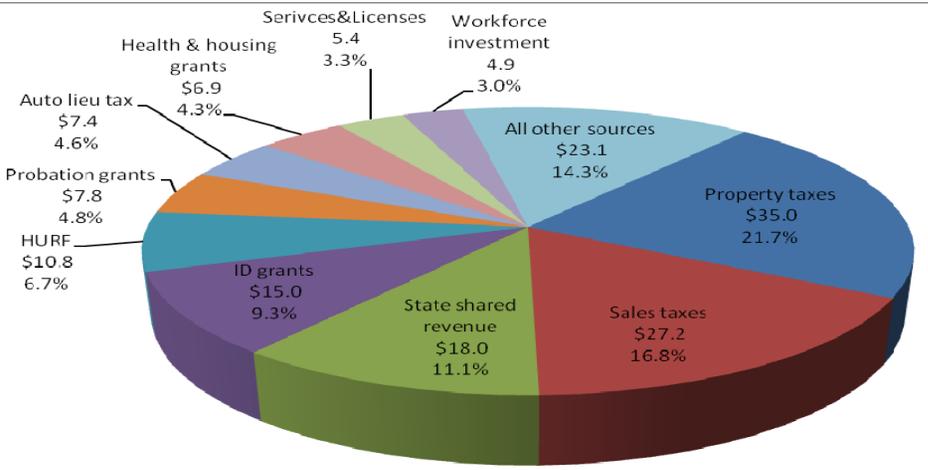
County property taxes and sales taxes are the top two revenue sources. When combined they account for 38.5% of the total sources a 2.1% reduction compared to prior year attributed to current and future economic forecast.

State shared revenue, HURF, and Auto lieu taxes (vehicle license) account for a combined total of 22.4% of total revenue sources.

Workforce investment act, Probation, Health and Housing, and one time Improvement District grants, revenues combined for a total of 21.4% of total revenue sources.

The remaining 17.7% of revenue sources is comprised of hundreds of other taxes, charges for services, fines and fees, investment income, grants and miscellaneous.

Until recently, these top ten revenue sources have grown, in aggregate, at a steady average rate of 3.0% over the last three (3) years. However, a reduction of 4.0% is projected for fiscal year 2008/09. Budget year 2009/10 shows an increase in sources primarily of 15.5% attributed mainly to the one time grant received for the improvement district.



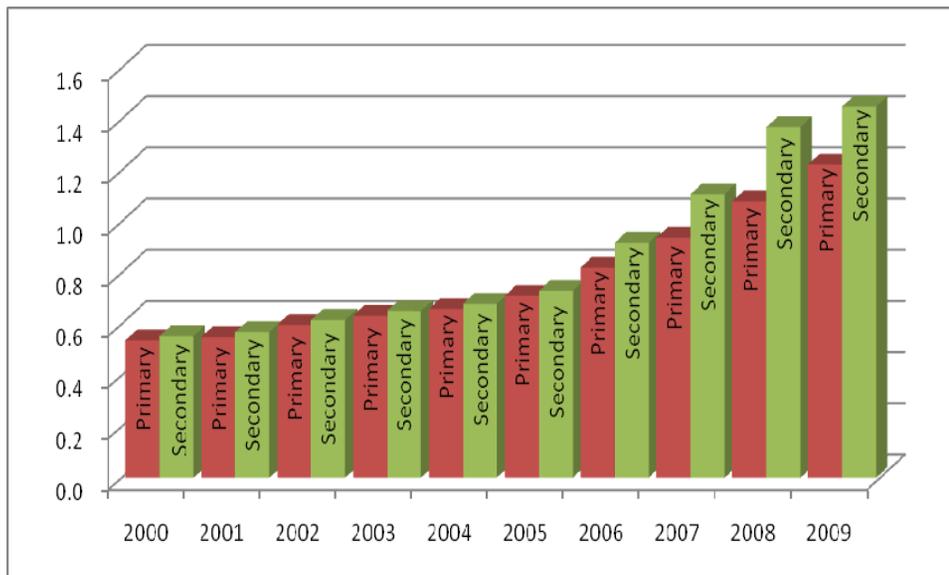


REVENUE (All Funds)

PROPERTY TAX

Assessed Valuation: In tax year 2009 (fiscal year 2009/10), the net primary assessed valuation increased by 13.3% to \$1.2 billion, new construction included; net secondary assessed valuation also increased by 5.9% to \$1.5 billion new construction included. Both net primary and secondary assessed valuations increased by a higher percentage than the combined Counties total for the State of Arizona increased 11.8% and decrease of (0.40%), respectively.

Net primary and secondary assessed valuation have grown 33% and 37% over the last three (3) years, respectively. The graph below shows a ten year history of the County's net primary and secondary assessed valuations (in billions).



The primary assessed valuation is a legislated valuation, which is part of the formula when assessing taxes for general operations (general fund). The secondary assessed valuation is a better indicator of market conditions since it is not restricted by statute. The secondary assessed valuation is the basis for the County's debt service (if applicable), and the Library and Flood Control District levies.

Residential property taxes are calculated by applying the tax rate adopted by the County Board of Supervisors, based on annual levy requirements, per \$100 to the property's assessed valuation. If a property has a full cash value of \$100,000 the assessed valuation for residential property would be 10% or \$10,000 and if the tax rate is \$1.7548, then the calculation for the County residential property tax would be:

$$(\$100,000 \times 10\%) / 100 \times \$1.7548 = \mathbf{\$175.48}.$$

An increase or decrease in assessed valuation alone does not equate to higher or lower liabilities.

Tax Rates

General Fund: The County levies property taxes for the general fund. The general fund portion is levied on primary assessments and is used for general governmental services. Over the last ten (10) years, fiscal year 1998/99 through 2004/05 the County had a consistent tax rate of \$2.2318 per \$100 assessed valuation. In fiscal year 2005/06 to today, the County has reduced the tax rate each year to \$1.7548 per \$100 assessed valuation this year. This is a product of two factors: 1) the Board maintaining the primary (general fund) property tax increases to an aggregate of a 2% annually and 2) increases in the net primary assessed valuation have contributed to lower tax rate due to larger value base.



PROPERTY TAX (CONTINUED)

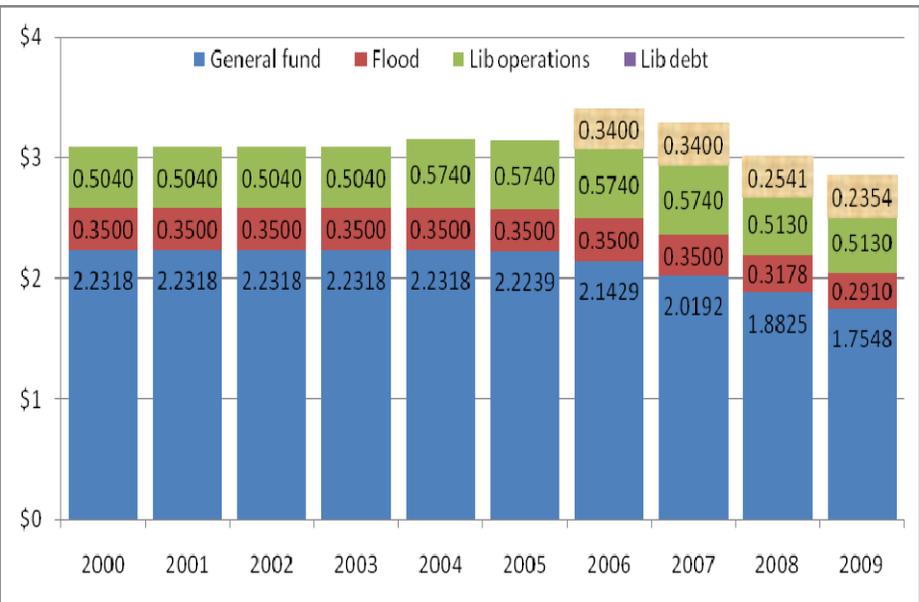
Library District: The Library District levies property taxes for the Operation and maintenance of the libraries and library systems. The District levies on the secondary assessments. Over the last ten (10) years, fiscal years 1989/99 through 2003/04, the District had a consistent rate of \$0.5040 per \$100 assessed valuation. In fiscal year 2004/05, the District increased the rate to \$0.5740 to coincide with the Library's master plan. That rate stayed consistent until this fiscal year 2008/09 where it was reduced to \$0.5130. This rate reduction was the product of the Board of Supervisors reducing the taxes on property to an aggregate increase of 5%, rather than leaving the same rate which would have been an aggregate tax increase of 33%; the same amount as the appreciation on existing homes assessed valuation.

Library Debt: The Library District also levies property taxes for a voter approved initiative to acquire and construct new library facilities. The District levies on the secondary assessments. This levy is identical to the amount necessary for the annual repayment of two bond issuances. To meet this payment, the rate for fiscal years 2005/06 and 2006/07 was \$0.3400 and then reduced to \$0.2354 this fiscal year 2009/10. This reduction is due to property appreciation and the addition of new construction. (Further information on these bonds can be found in the Debt Service section of this document)

Flood Control District: The Flood Control District levies property taxes for the acquisition, construction, operations and maintenance of Flood Control systems.

The Flood Control District levies on the secondary assessments. Over the last ten (10) years, fiscal years 1989/99 through 2007/08, the District had a consistent tax rate of \$0.3500. Last fiscal year 2008/09 was reduced to .3178 and this fiscal year, the rate was again reduced to \$0.2910. Like the other tax levies, this is a product of appreciation in assessed valuations and new construction.

The graph below shows the County's ten year history of primary and secondary property tax rates.



Levies

Primary property tax levy limit: There is a strict limitation on how much a County can levy as a primary property tax. ARS 42-17051 states this levy shall be limited to an increase of 2% over the prior year's maximum allowable primary levy, plus increases due to a net gain in property not taxed the previous year (new construction).

REVENUE (All Funds)



PROPERTY TAX (CONTINUED)

Primary property tax levy limit (concluded): Even if the County does not adopt the maximum allowable primary levy from year to year, the 2% allowable increase will be based on the prior year's maximum allowable primary levy. The net gain in property factor is included in the calculation to take into account all new construction and any additional property added within the County.

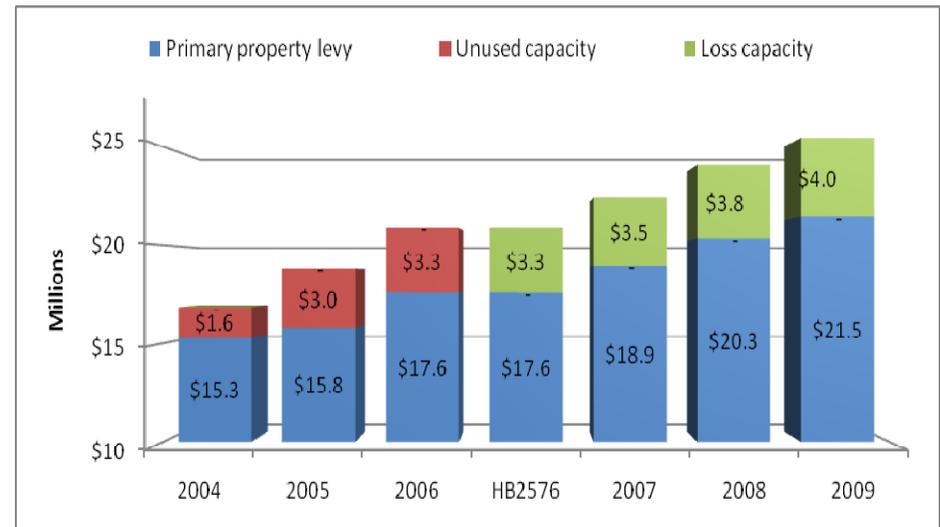
This levy limitation has had no impact on the County for the past ten years as it has been 6% to 16% under the levy limitation. However, as part of the State's fiscal year 2006/07 legislative budget sessions, a bill was passed that reset the base year used for the limitation calculation to tax year 2005 (fiscal year 2005/06). The maximum levy changed to equal the County's prior year actual levy, plus 2%, plus new construction. If a community was at the maximum, there is no impact. This only impacted those communities that were not already at the maximum. Yuma County had historically preserved its levy capacity through sound financial planning.

The result to the County was the loss of its unused levy capacity in the amount of \$3.3 million that fiscal year for a total of \$14.6 million over the last four years.

Levy – Primary property: The primary property tax levy continues at the maximum, as established in tax year 2005. This equates to an average 2% increase to taxpayers, as an aggregate, regardless of their home values appreciation; plus applying the same tax rate to the value of new construction.

This levy is 5.6% higher than last fiscal year (2008/09), which is lower than the four year average increase of 7.5%.

The graph below shows the County's primary property levies and levy limits (unused levy capacity), by tax year, for the past seven (7) years. The blank box reflects the impact of HB 2576 on the County's levy capacity. Essentially \$3.3 million or 18% of the County's preserved levy capacity dissipated in tax year 2006 (fiscal year 2006/07).



Secondary property tax levy limit: There is no statutory limitation on how much a County can levy as a secondary property tax. However, the County Board of Supervisor's has recognized how maintaining a set rate can dramatically increase individual's property taxes in times of assessed value appreciation. To better monitor this and maintain customer (the public) confidence they have directed the County Administrator and both the Library and Flood Control Districts to bring a self-monitoring policy for County Board adoption to put local limitations on these taxes, similar to those of the primary property tax levy limitations.

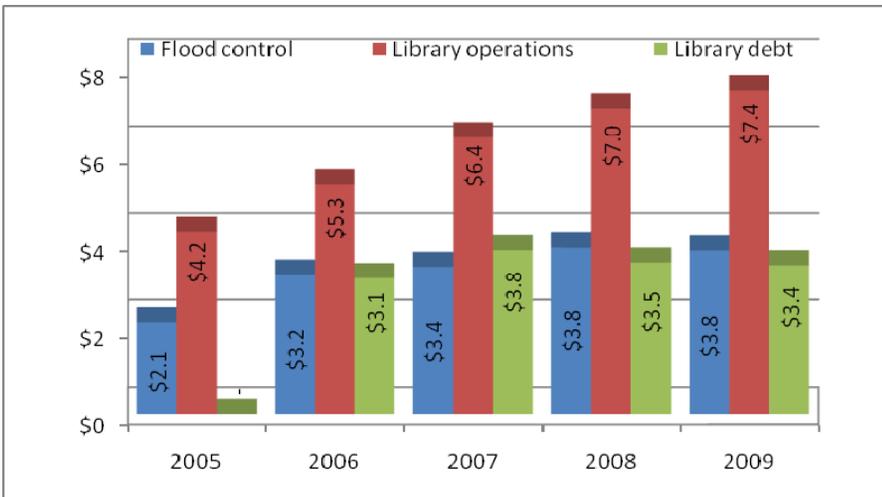


REVENUE (All Funds)

PROPERTY TAX (CONCLUDED)

Levy – Secondary property: Though the property tax rate for secondary property taxes continues to decrease; the Library District levy increased 3.3% or \$346 thousand (Library debt service included); however, the Flood Control District decreased by (1.7%) or \$66 thousand. This equates to a total tax increase of \$3 for the Library District and tax decrease of (\$2) for the Flood Control District for a residential home with an assessed valuation of \$100,000.

The graph below shows the secondary property tax levies for the last five fiscal years (in millions).



Property tax revenue: The Treasurer's office is responsible for collecting and distributing property taxes for the county, cities and towns, community college, school and special districts with in the County.

Property tax collections are estimated to remain at the eight-year historical average of 97.6%. The anticipated property tax revenue is derived from the following formula:

$$\text{Tax levy} \times 98\% \text{ collection rate} + \text{prior year collections}$$

Property tax revenues of \$35.0 million account for 21.7% of total revenues. It is estimated to increase by 4.7% or \$1.6 million compared to last fiscal year 2008/09.

The General fund property tax revenue is estimated to increase by 5.3% or \$1.0 million compared to last fiscal year 2008/09; which is lower compared to last fiscal year of 7.6% increase. This lower percentage increase is attributed to recent reduction in property values and construction reported in the County.

The Flood Control District property tax revenue is estimated to decrease by (0.7%) or (\$25,200) compared to last fiscal year 2008/09. This reduction is attributed to the Board of Supervisor lessening the property tax burden on secondary taxing entities.

The Library District property tax revenue for operations and debt service payment is estimated to increase by 8.1% and 0.2% respectively; which is lower compared to the 2008/09 year of 10.3% and 9.4%. This lower percentage increases are attributed to the Board of Supervisor lessening the property tax burden on secondary taxing authorities and only collecting what is necessary for debt repayment.

County property tax - in Millions

	2005/06	2006/07	2007/08	2008/09	2009/10
General fund – primary	\$ 15.8	\$ 17.6	\$ 18.9	\$ 20.3	\$ 21.5
Change from prior year	3.4%	11.4%	7.7%	7.3%	5.6%
Flood – secondary	2.1	3.2	3.4	3.8	3.8
Change from prior year	9.4%	52.8%	5.6%	13.3%	(1.7%)
Lib operation – secondary	4.2	5.3	6.4	7.0	7.4
Change from prior year	7.4%	25.8%	20.7%	10.5%	5.9%
Lib debt – secondary	-	3.1	3.8	3.5	3.4
Change from prior year	N/A	100%	20.7%	(7.6%)	(1.95)
Total property tax	\$ 22.1	\$ 29.2	\$ 32.5	\$ 34.6	\$ 36.1



REVENUE (All Funds)

COUNTY TPT (SALES TAX)

The County has a 0.50% general transaction privilege (sales) tax for general uses, 0.50% for the Jail District and 0.10% for the Health District.

The general sale tax is a general fund revenue and supports the County's general operations.

On May 15, 1995, voters approved a 0.50% transaction privilege (sales) tax to be used to acquire, construct, operate, maintain and finance county jails and jail systems

In 2006, the Board of Supervisors authorized a 0.10% transaction privilege (sales) tax for use for the operations and maintenance of the County's Health District. This moved the costs of these services from the property tax to a sales tax.

On September 12, 2000, voters approved a 0.50% transaction privilege (sales) tax for use of specific capital projects. This tax was approved to sunset at the earlier of collecting \$57,564,506 or the calendar year end 2015. In fiscal year 2006/07, the maximum amount was collected resulting in the sunset of the tax.

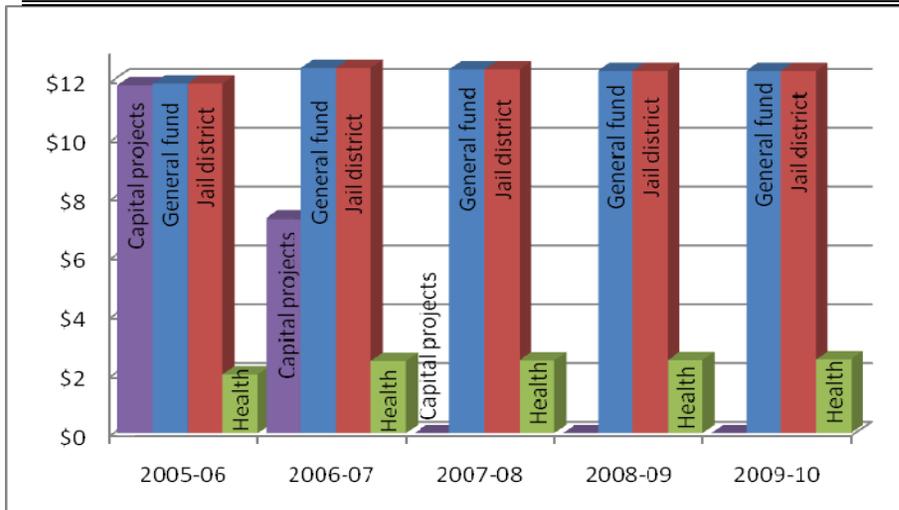
There are various transaction categories where a local transaction privilege (sales) tax is applied: mining, communications and utilities, transportation and warehousing, retail, rental and leasing, restaurant and bar, hotels, services, arts and entertainment, and construction.

The chart and graph to the right illustrates a five year history of the County's sales tax (in millions).

The County transaction privilege (sales) tax revenues of \$27.2 million accounts for approximately 16.8% of total revenues. Total County transaction privilege (sales) taxes have decreased an average of 6.5% over the last four years. This decrease is due to the Capital Projects tax having sunset.

Total County transaction privilege (sales) taxes, net the Capital Projects tax, has increased an average of 3.6%, in the last five years, but due to current economic situation is estimated not to increase for the current budget year based on local economic indicators.

County transaction privilege (sales) tax by major category - in Millions					
	2005/06	2006/07	2007/08	2008/09	2009/10
General fund	\$ 11.9	\$ 12.4	\$ 12.4	\$ 12.3	\$ 12.3
Change from prior year	10.5%	4.6%	(0.4%)	(0.4%)	0.0%
Jail district	11.9	12.4	12.4	12.3	12.3
Change from prior year	10.5%	4.6%	(0.4%)	(0.4%)	0.0%
Health district	1.9	2.5	2.5	2.5	2.5
Change from prior year	N/A	23.3%	0.7%	0.5%	1.0%
Capital projects	11.8	7.3	-	-	-
Change from prior year	10.5%	-38.5%	-100%	-	-
Total sales tax	\$ 37.5	\$ 34.6	\$ 27.3	\$ 27.1	\$ 27.1





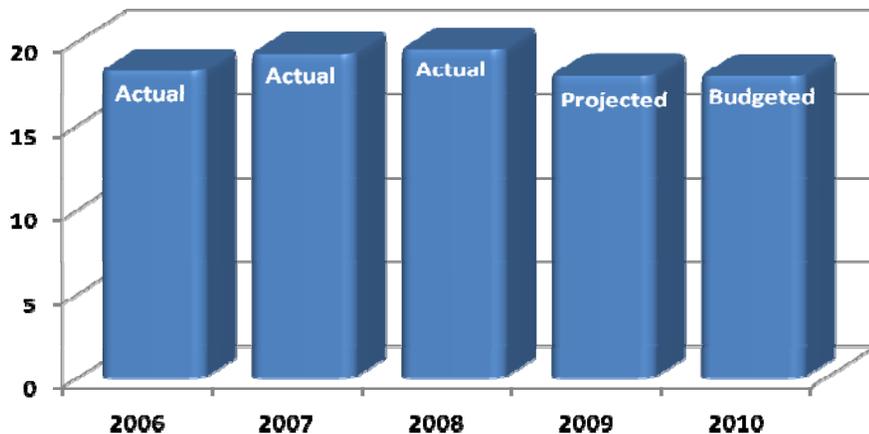
REVENUE (All Funds)

STATE SHARED TPT (SALES TAX)

The State's transaction privilege (sales) tax rate on most taxable activities is 5.6% with several minor categories having tax rates ranging from 2.5% to 5.5%. An appropriated portion of this revenue is *shared* among Arizona counties, cities and towns. The tax is collected by Arizona Department of Revenue which is then allocated and distributed to counties, cities and towns based on their population. The *non-shared* portion of the tax is collected and allocated solely to the state.

State shared sales tax revenues of \$18.0 million accounts for approximately 11.1% of total revenue sources. It is projected that revenue source will decrease a (7.9%) or 1.5 million for FY 2008/09 this is attributable to nation and state wide recession. There is no change budgeted for Fiscal year 2009/10 compared to projected 2008/09 year.

The chart below shows state shared transaction privilege (sales) tax revenues over the last five years (in millions).



IMPROVEMENT DISTRICT GRANT

The County was awarded \$13.4 million in grants to design and construct a wastewater collection system for the B&C colonial improvement district. The United States Department of Agriculture acting under the provisions of the Consolidated Farm and Rural Development Act has awarded \$12.6 million in grants for the projects. Additional assistance for the design of the project was provided by Water Infrastructure Finance Authority \$35,000; Border Environment Cooperation Commission \$50,000; and North American Development Bank \$200,000.

This one time revenue amounts to 9% of all revenues.

HIGHWAY USER REVENUE FUND

This source is also known as "HURF" or "the gas tax". HURF is collected and distributed by the State of Arizona Department of Revenue based on a population formula.

The County allocates its distribution to street and highway development and maintenance. The first \$6,415,966.49 is allocated 30% to development and 70% to maintenance; and 50% to both development and maintenance thereafter.

HURF revenue of \$10.8 million accounts for approximately 6.7% of total revenue sources. It has had an erratic trend over the last four years with an aggregate increase of 1.3% over the last four years. This fiscal year, just like the other State revenues, it is anticipated to increase a minimum of 2.4% or \$250 thousand compared to last fiscal year 2008/09.



REVENUE (All Funds)

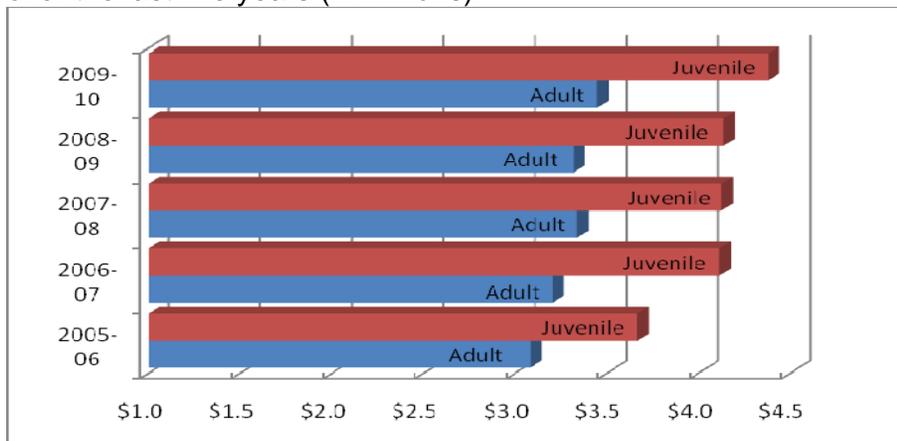
JUVENILE & ADULT PROBATION GRANT

Juvenile and Adult Probation Grants are revenues received, primarily from the State; to carry out specific State mandated services and programs under the umbrella of Superior court.

The total of these grants is approximately \$7.8 million and accounts for approximately 4.9% of total revenue sources. It has increased an average of 3.8% (4.7% juvenile and 2.9% adult) over last five fiscal years. This fiscal year 2009/10 anticipates an increase of 5.0% (5.9% juvenile and 3.9% adult) compared to last year; or \$375,074 (\$244 juv and \$131 adult)

This fiscal year estimates are based on the best information available from State appropriations at the time of adoption. Actual distributions of these grants are contingent upon state appropriations and available resources from the granting state agencies.

The chart below shows juvenile and probation grant revenues over the last five years (in millions).

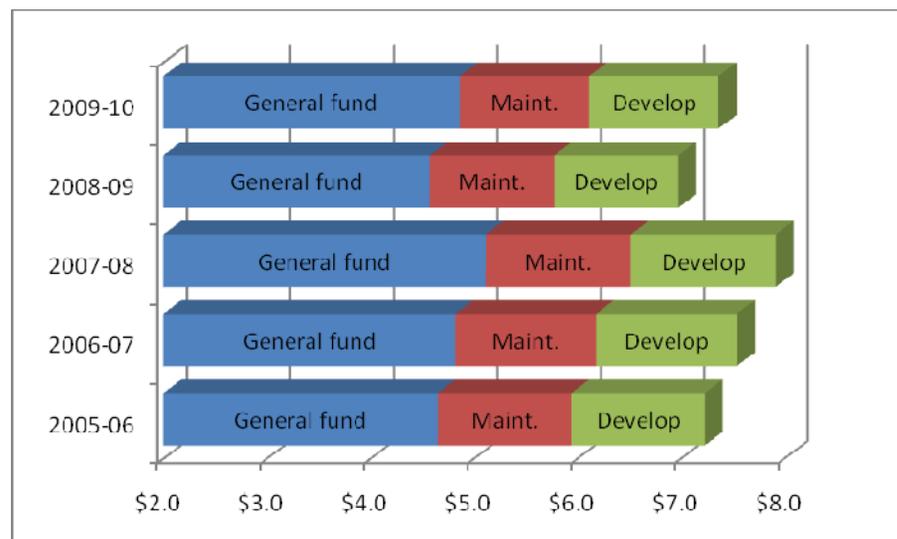


AUTO IN LIEU TAX

This source is also referred to as the vehicle license tax. It is collected and distributed by the State to counties, cities and towns based on population. The majority of this tax is for general uses (general fund) and the other portion is restricted to transportation. The transportation portion is then allocated by the County; half for highway and street development and half for maintenance.

This revenue of \$7.7 million accounts for approximately 4.6% of total revenue. Consistent with the trend seeing with all other State allocated revenues; this revenue is expected to decrease (6.3%) from 2007/08 actual received revenues.

The chart below shows auto in lieu tax revenues over the last five years (in millions).





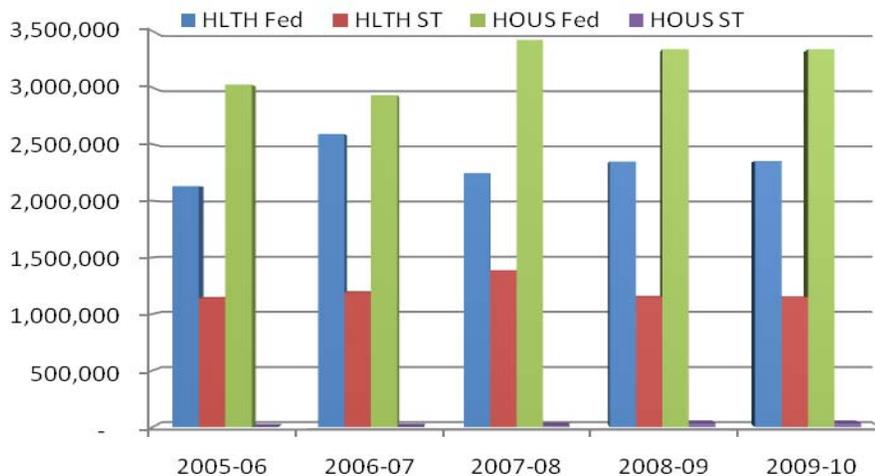
REVENUE (All Funds)

HEALTH AND HOUSING GRANT

Over half of the funding for the health district is from federal and state grants; and 75% of the funding for the Housing department is from federal and state grants. These grants are received by the County to perform specific services to the public. The actual amount paid to the County for housing services each year is appropriated by the U.S. Congress and distributed by HUD.

The total of these grants is approximately \$6.9 million and accounts for approximately 4.3% of total revenue sources. It has increased an average of 3.0% (2.9% Health and 3.2% Housing) over last four fiscal years. This fiscal year 2009/10 no increases or decreases are anticipated.

The chart below shows the Health and Housing grant revenue over the last five years (in millions).

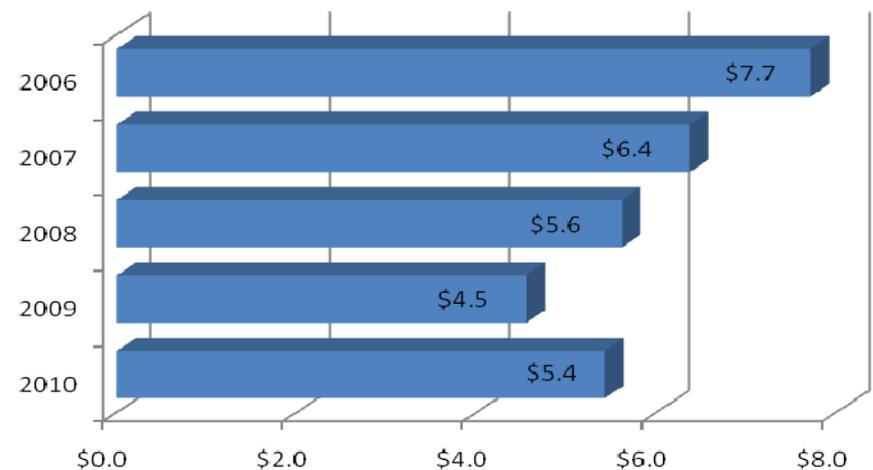


COUNTY FUNDS GENERATING ACTIVITIES

This revenue category is composed from revenues derived from Charge for services and Licensing and permits issued by the County. These funds generating activities provide a better picture in regards to business handled by the County reflection of local economy.

The total of this revenue category amounts to 5.4 million or 3.4% of total revenue sources. Activities have been declining at an average rate of (16%) since 2006. However, for fiscal year 2009/10 is estimated that fund generating activities will increase as local economy slowly starts to recuperate from current recession.

The chart below shows the Money generating activities (Charge for services and Licenses and permits) over the last five years (in millions).





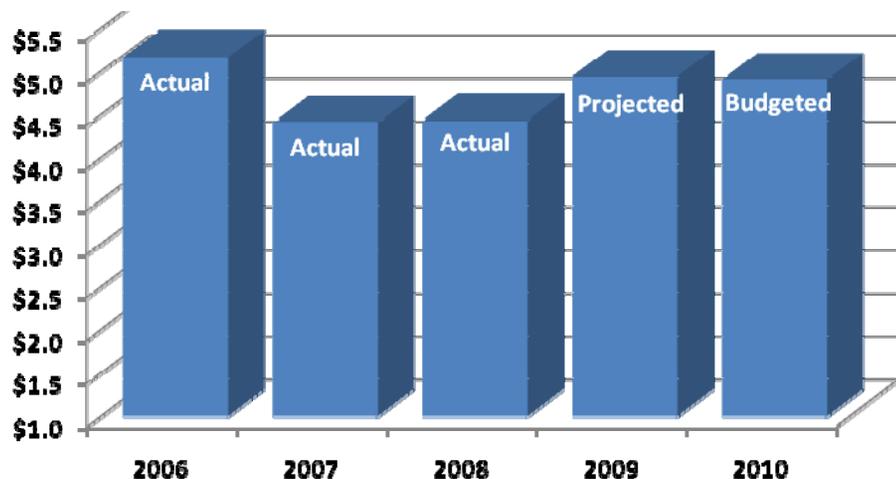
REVENUE (All Funds)

WORKFORCE INVESTMENT ACT

The Workforce Investment Act is federal funding and referred to as "WIA". This funding is restricted to be used for classroom and on-the-job training to eligible residents. This program is administered for the County by Yuma Private Industry Council (YPIC).

The total federal funding of \$4.9 million accounts for approximately 3.0% of total revenue sources. After two years of declining revenue, it is expected that the WIA program funding will be closer to the funding levels of four years ago. The actual amount paid to the County for this program is contingent on appropriations by the Federal Government.

The chart below shows the Workforce Investment Act revenue over the last five years (in millions).



SUMMARY TABLE

The table below summarizes revenue sources of the County.

	2006/07 Actual	2007/08 Actual	2008/09 Projected	2009/10 Budget
Property taxes	\$ 28.4	\$ 31.6	\$ 33.4	\$ 35.0
County sales taxes	34.6	27.2	27.1	27.2
State shared sales taxes	19.3	19.5	18.0	18.0
One time Improvement District Grant	-	-	-	15.0
Highway user revenue fund	10.2	14.0	10.5	10.8
Juvenile and probation grants	7.3	7.5	7.5	7.8
Auto lieu taxes	7.5	7.9	7.0	7.4
Health and housing grants	6.7	7.1	6.9	6.9
Fund generating activities	6.4	5.6	4.5	5.4
Workforce investment act	4.4	4.4	4.9	4.9
Total major revenues	124.8	124.8	119.8	138.4
Total other revenues	30.2	23.0	25.7	23.1
Total current revenues	155.0	147.8	145.5	161.5
Prior year's fund balance	104.0	111.8	124.4	90.3
Total sources	\$ 259.0	\$ 259.6	\$ 269.9	\$ 251.8

