

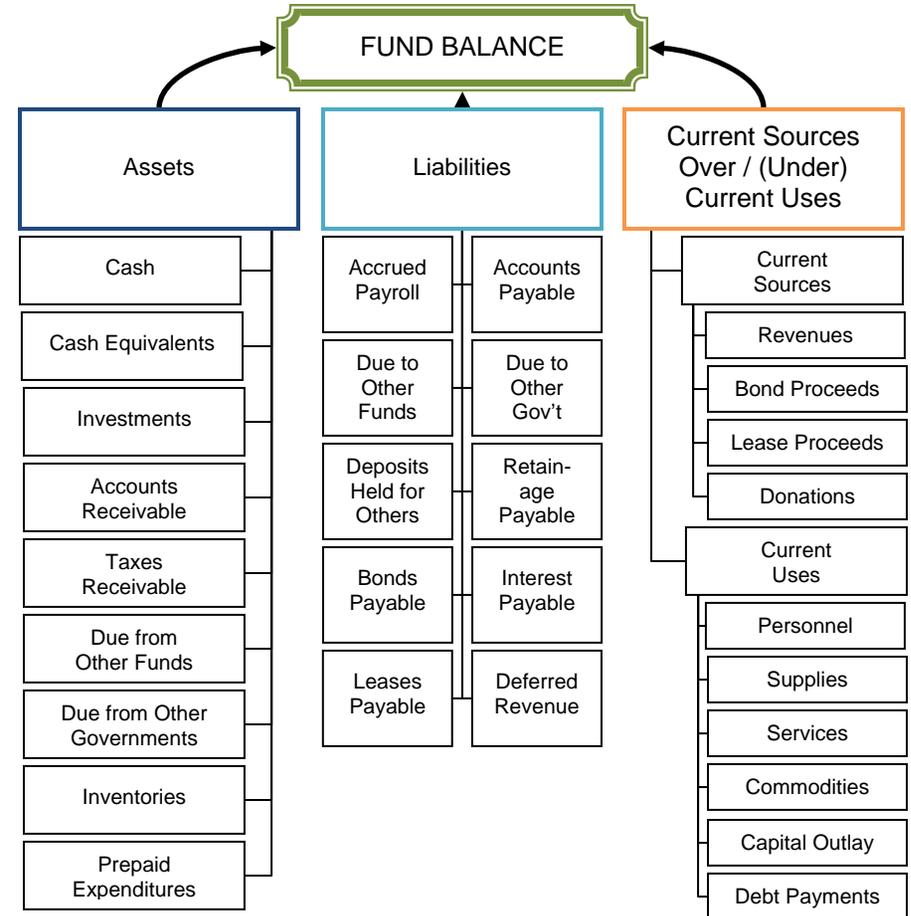
RECOMMENDED PRACTICE

A strong cash and fund balance can be quantified, but it should also be qualified. Recommended practices set the percentage of an entity's budgets dedicated to reserves as ranging from no less than 5% to 15%. A good cash and fund balance should be identified by what requirements will arise in the following fiscal year. Generally applying the 5% to 15% range to the subsequent year's needs rather than only the current year's budget is considered good standing.

The County's adopted cash and fund balance policy delegates the determination of the amount of adequate balance to maintain to the County Administrator and Finance Director. This policy also states the emergency reserves to be set at no less than 5% of operating expenditures.

The adequate amount of balance to maintain for each district and fund that is required to maintain a balance varies. Factors that are considered include, but not limited to: timing of revenue and expenditures, historical and anticipated trends of revenues and expenditures, and future adequate balance requirements.

COMPOSITION OF FUND BALANCE



The above flow charts illustrate the composition of fund balance: **Fund Balance** = Assets - Liabilities + Net Current Year's Source [Over / (under)] Current Uses.

SUMMARY OF CHANGES IN FUND BALANCE

All Funds

	FY2013 Projected Actuals	FY2014 Adopted Budget	Difference	% Change
General Fund	16,576,861	10,552,183	(6,024,678)	-36.3%
HURF	16,934,847	3,199,953	(13,734,894)	-81.1%
Jail District Operations	3,260,002	1,673,808	(1,586,194)	-48.7%
Jail District Debt Service	7,000	7,000	-	0.0%
Library District	8,376,870	6,367,181	(2,009,689)	-24.0%
Library Debt Service	4,076,414	4,091,017	14,603	0.4%
Flood Control	18,200,260	1,145,504	(17,054,756)	-93.7%
Improvement Districts	1,445,623	1,250,564	(195,059)	-13.5%
Capital Improvements	6,480,626	3,971,675	(2,508,951)	-38.7%
Other Govt. Funds	7,861,937	5,395,415	(2,466,522)	-31.4%
	83,220,440	37,654,300	(45,566,140)	-54.8%

Changes in Fund Balance

General Fund: The FY2013/2014 budgeted ending fund balance decreases 36.3% as compared to FY2012/2013 projected actual ending fund balance. This is primarily the result of a decision to maintain the property tax levy at the same level as the proceeding year plus new construction, state funding/cost shifts and increased costs in areas such as the AZ Health Care Cost Containment System, pension plans, health insurance and compensation.

HURF: The FY2013/2014 budgeted ending fund balance decreases 81.1% (combined Development Services and Public Works) as compared to FY2012/2013 projected actual ending fund balance. This is primarily due to state funding/cost shifts, ongoing projects having reached the stage where spending is anticipated to increase and increased material and fuel costs.

Jail District General Operations: The FY2013/2014 budgeted ending fund balance decreases 48.7% as compared to FY2012/2013 projected actual ending fund balance. This is primarily the result of a projected increase in vehicle replacement and medical services costs.

Library District: The FY2013/2014 budgeted fund balance decreases 24.0% as compared to FY2012/2013 projected actual ending fund balance. While the fund balance is budgeted to decrease, it is a management decision to draw down the fund balance gradually over time to come into the stated and self imposed fund balance guidelines.

Flood Control District: The FY2013/2014 budgeted fund balance decreases 93.7% as compared to FY2012/2013 projected actual ending fund balance. This is primarily due to the reduced Flood Control property tax levy, ongoing projects having reached the stage where spending is anticipated to increase and increased material costs.

Improvement Districts: The FY2013/2014 budgeted fund balance decreases 13.5% as compared to FY2012/2013 projected actual ending fund balance. This is primarily the result of a decision to continue reducing debt in the districts by the early retirement of outstanding debt with funds available and a large capital project nearing completion.

Capital Improvements: The FY2013/2014 budgeted fund balance decreases 38.7% as compared to FY2012/2013 projected actual ending fund balance. This is primarily the result of ongoing projects having reached the stage where spending is anticipated to increase, critically needed new projects and increased material costs.

Other Governmental Funds: The FY2013/2014 budgeted fund balance decreases 31.4% as compared to FY2012/2013 projected actual ending fund balance. This is primarily the result of a projected reduction in federal reimbursements, state funding/cost shifts and increased costs.

SUMMARY OF CHANGES IN FUND BALANCE

All Funds

	Highway User Revenue			Jail District		Other Primary Tax Authorities					Other Governmental Funds	Total Governmental Funds
	General Fund	Development Services	Public Works	General Operations	Debt Service	Library District	Library Debt Service	Flood Control District	Improvement Districts	Capital Improvements		
Fund balance 06/30/12	17,928,734	15,881,687	3,570,815	2,278,203	(250,744)	9,628,372	3,881,877	17,600,505	1,658,267	5,223,620	10,197,885	87,599,221
Projected Fiscal Year 2013:												
Sources:												
Revenues	67,830,979	4,362,972	6,628,193	13,251,218	-	10,150,311	10,000	3,131,059	1,255,083	7,559,100	36,883,135	151,062,050
Transfers in	106,310	-	-	6,415,099	1,297,499	-	3,519,362	1	-	362,601	4,316,012	16,016,884
Total sources	67,937,289	4,362,972	6,628,193	19,666,317	1,297,499	10,150,311	3,529,362	3,131,060	1,255,083	7,921,701	41,199,147	167,078,934
Uses:												
Expenditures	61,686,589	6,102,201	7,406,619	17,387,019	1,039,755	8,072,788	3,334,825	2,531,304	1,267,727	4,284,358	42,327,646	155,440,831
Transfers out	7,602,573	-	-	1,297,499	-	3,329,025	-	1	200,000	2,380,337	1,207,449	16,016,884
Total uses	69,289,162	6,102,201	7,406,619	18,684,518	1,039,755	11,401,813	3,334,825	2,531,305	1,467,727	6,664,695	43,535,095	171,457,715
Change in fund balance (net)	(1,351,873)	(1,739,229)	(778,426)	981,799	257,744	(1,251,502)	194,537	599,755	(212,644)	1,257,006	(2,335,948)	(4,378,781)
Fund balance 06/30/13	16,576,861	14,142,458	2,792,389	3,260,002	7,000	8,376,870	4,076,414	18,200,260	1,445,623	6,480,626	7,861,937	83,220,440
Budget Fiscal Year 2014:												
Sources:												
Revenues	68,417,954	4,526,807	6,563,193	13,657,959	-	9,757,301	15,403	2,728,901	1,321,460	2,405,261	35,553,911	144,948,150
Transfers in	1,210	-	-	6,646,560	1,038,575	-	3,339,975	-	-	2,230,492	2,081,416	15,338,228
Total sources	68,419,164	4,526,807	6,563,193	20,304,519	1,038,575	9,757,301	3,355,378	2,728,901	1,321,460	4,635,753	37,635,327	160,286,378
Uses:												
Expenditures	68,106,005	16,670,398	8,154,496	20,087,188	1,038,575	8,427,015	3,340,775	19,783,657	1,506,766	5,773,915	39,025,241	191,914,031
Transfers out	7,737,578	-	-	1,803,525	-	3,339,975	-	-	9,753	1,370,789	1,076,608	15,338,228
Anticipated reversions	(1,399,741)	-	-	-	-	-	-	-	-	-	-	(1,399,741)
Total uses	74,443,842	16,670,398	8,154,496	21,890,713	1,038,575	11,766,990	3,340,775	19,783,657	1,516,519	7,144,704	40,101,849	205,852,518
Change in fund balance (net)	(6,024,678)	(12,143,591)	(1,591,303)	(1,586,194)	-	(2,009,689)	14,603	(17,054,756)	(195,059)	(2,508,951)	(2,466,522)	(45,566,140)
Fund balance 06/30/14	10,552,183	1,998,867	1,201,086	1,673,808	7,000	6,367,181	4,091,017	1,145,504	1,250,564	3,971,675	5,395,415	37,654,300

SUMMARY OF CHANGES IN FUND BALANCE

All Funds

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