

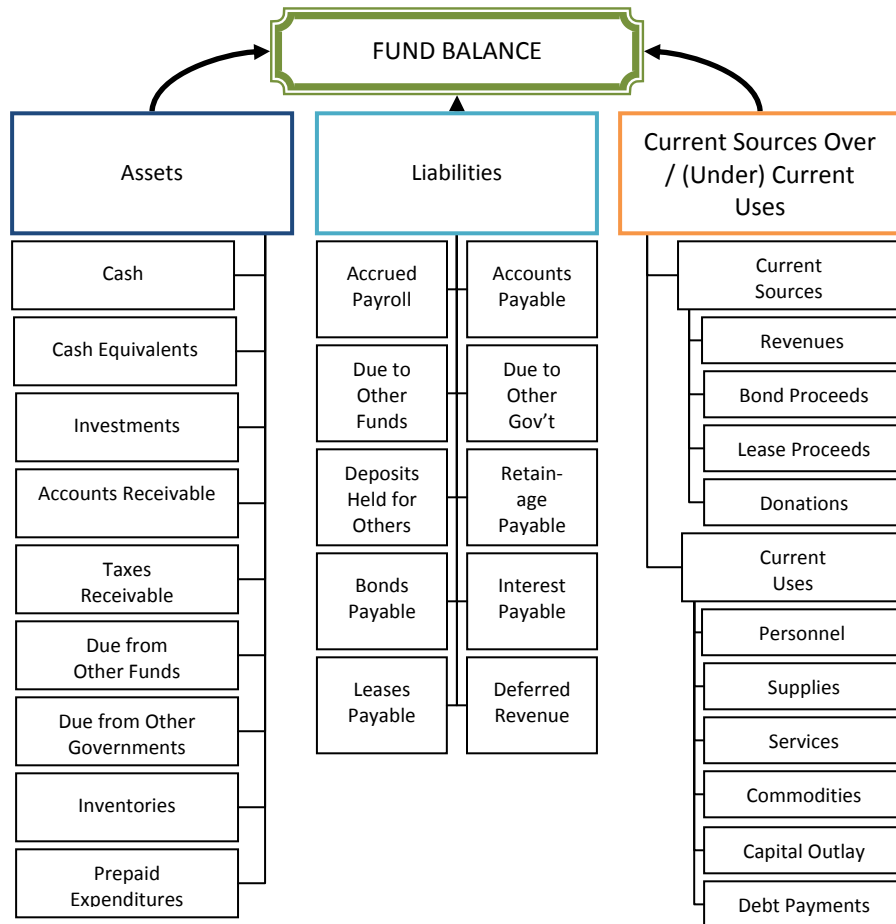
RECOMMENDED PRACTICE

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.

	FY2014 Projected	FY2015 Adopted	Difference	% Change
	Actuals	Budget		
General Fund	\$ 13,777,216	\$ 9,042,252	\$ (4,734,964)	-34.4%
HURF	16,795,230	3,180,572	(13,614,658)	-81.1%
Jail District Operations	785,505	509,843	(275,662)	-35.1%
Library District	7,173,736	5,099,253	(2,074,483)	-28.9%
Health District	956,248	686,067	(270,181)	-28.3%
Flood Control	16,617,700	1,145,504	(15,472,196)	-93.1%
Housing	973,152	788,103	(185,049)	-19.0%
Improvement Districts	1,013,957	928,183	(85,774)	-8.5%
Debt Service	4,598,035	4,554,768	(43,267)	-0.9%
Capital Improvements	4,946,812	762,481	(4,184,331)	-84.6%
Other Govt. Funds	5,493,226	3,371,805	(2,121,421)	-38.6%
Internal Service Funds	6,683,555	6,359,487	(324,068)	-4.8%
	\$ 79,814,372	\$ 36,428,318	\$ (43,386,054)	-54.4%

Changes in Fund Balance that Exceed 10%

General Fund: The FY2014/2015 budgeted ending fund balance decreases 34.4% as compared to FY2013/2014 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, a projected reduction in federal reimbursements, lower than expected local tax revenue and increased costs in areas such as the AZ Health Care Cost Containment System, pension plans and health insurance.

HURF: The FY2014/2015 budgeted ending fund balance decreases 81.1% (combined Development Services and Public Works) as compared to FY2013/2014 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 FY2014/2015 budgeted ending fund balance decreases 35.1% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of lower than expected local tax revenue and increased costs in areas such as pension plans and health insurance.

Library District: The FY2014/2015 budgeted fund balance decreases 28.9% as compared to FY2013/2014 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.

Health District: The FY2014/2015 budgeted fund balance decreases 28.3% as compared to FY2013/2014 projected actual ending fund balance. This is primarily due to lower than expected local tax revenue and increased costs in areas such as indirect costs and health insurance.

Changes in Fund Balance That Exceed 10% - Concluded

Flood Control District: The FY2014/2015 budgeted fund balance decreases 93.1% as compared to FY2013/2014 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.

Housing: The FY2014/2015 budgeted fund balance decreases 19.0% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of reduced funding.

Capital Improvements: The FY2014/2015 budgeted fund balance decreases 84.6% as compared to FY2013/2014 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 FY2014/2015 budgeted fund balance decreases 38.6% as compared to FY2013/2014 projected actual ending fund balance. This is primarily the result of a projected reduction in federal reimbursements, state funding/cost shifts and increased costs.

All Funds

SUMMARY OF CHANGES IN FUND BALANCES

	General Fund	Highway User Revenue Funds	Jail District General Operations	Library District General Operations	Health District General Operations	Flood Control District General Operations	Housing General Operations
Fund balance 06/30/13	17,656,618	18,775,880	1,881,747	9,005,962	535,771	17,731,497	1,155,823
Sources:							
Revenues	68,491,617	10,910,557	13,048,394	9,867,072	7,501,553	2,752,008	3,861,899
Transfers in	6,589	-	6,646,560	332	1,218,196	-	-
Total sources	68,498,206	10,910,557	19,694,954	9,867,404	8,719,749	2,752,008	3,861,899
Uses:							
Expenditures	64,622,631	12,891,207	19,511,174	8,359,655	7,902,526	3,865,805	4,044,570
Transfers out	7,754,977	-	1,280,022	3,339,975	396,746	-	-
Total uses	72,377,608	12,891,207	20,791,196	11,699,630	8,299,272	3,865,805	4,044,570
Change in fund balance (net)	(3,879,402)	(1,980,650)	(1,096,242)	(1,832,226)	420,477	(1,113,797)	(182,671)
Fund balance 06/30/14	13,777,216	16,795,230	785,505	7,173,736	956,248	16,617,700	973,152
Budget Fiscal Year 2015:							
Sources:							
Revenues	70,390,392	11,811,123	13,496,202	9,769,915	8,038,319	3,505,064	3,705,536
Transfers in	3,923	-	6,613,040	-	1,214,619	-	-
Total sources	70,394,315	11,811,123	20,109,242	9,769,915	9,252,938	3,505,064	3,705,536
Uses:							
Expenditures	68,478,727	25,425,781	19,348,329	8,420,195	9,129,950	18,977,260	3,890,585
Transfers out	8,879,103	-	1,036,575	3,424,203	393,169	-	-
Anticipated reversions	(2,228,551)	-	-	-	-	-	-
Total uses	75,129,279	25,425,781	20,384,904	11,844,398	9,523,119	18,977,260	3,890,585
Change in fund balance (net)	(4,734,964)	(13,614,658)	(275,662)	(2,074,483)	(270,181)	(15,472,196)	(185,049)
Fund balance 06/30/15	9,042,252	3,180,572	509,843	5,099,253	686,067	1,145,504	788,103

All Funds

SUMMARY OF CHANGES IN FUND BALANCES

	Improvement Districts	Debt Service	Capital Improvements	Other Governmental Funds	Internal Service Funds	Total All Funds
Fund balance 06/30/13	1,208,829	5,281,615	6,555,198	6,515,105	7,342,802	93,646,847
Sources:						
Revenues	873,708	272,332	358,518	28,385,342	14,572,466	160,895,466
Transfers in	2,207	4,544,720	2,110,600	1,118,695	-	15,647,899
Total sources	875,915	4,817,052	2,469,118	29,504,037	14,572,466	176,543,365
Uses:						
Expenditures	868,580	5,215,879	2,690,545	29,523,656	15,231,713	174,727,941
Transfers out	202,207	284,753	1,386,959	1,002,260	-	15,647,899
Total uses	1,070,787	5,500,632	4,077,504	30,525,916	15,231,713	190,375,840
Change in fund balance (net)	(194,872)	(683,580)	(1,608,386)	(1,021,879)	(659,247)	(13,832,475)
Fund balance 06/30/14	1,013,957	4,598,035	4,946,812	5,493,226	6,683,555	79,814,372
Budget Fiscal Year 2015:						
Sources:						
Revenues	1,080,976	256,665	1,232,736	23,242,919	15,968,850	162,498,697
Transfers in	-	4,882,550	484,634	1,052,040	7,127	14,257,933
Total sources	1,080,976	5,139,215	1,717,370	24,294,959	15,975,977	176,756,630
Uses:						
Expenditures	1,162,827	5,182,482	5,901,701	25,902,547	16,300,045	208,120,429
Transfers out	3,923	-	-	520,960	-	14,257,933
Anticipated reversions	-	-	-	-	-	(2,228,551)
Total uses	1,166,750	5,182,482	5,901,701	26,423,507	16,300,045	220,149,811
Change in fund balance (net)	(85,774)	(43,267)	(4,184,331)	(2,128,548)	(324,068)	(43,393,181)
Fund balance 06/30/15	928,183	4,554,768	762,481	3,364,678	6,359,487	36,421,191