

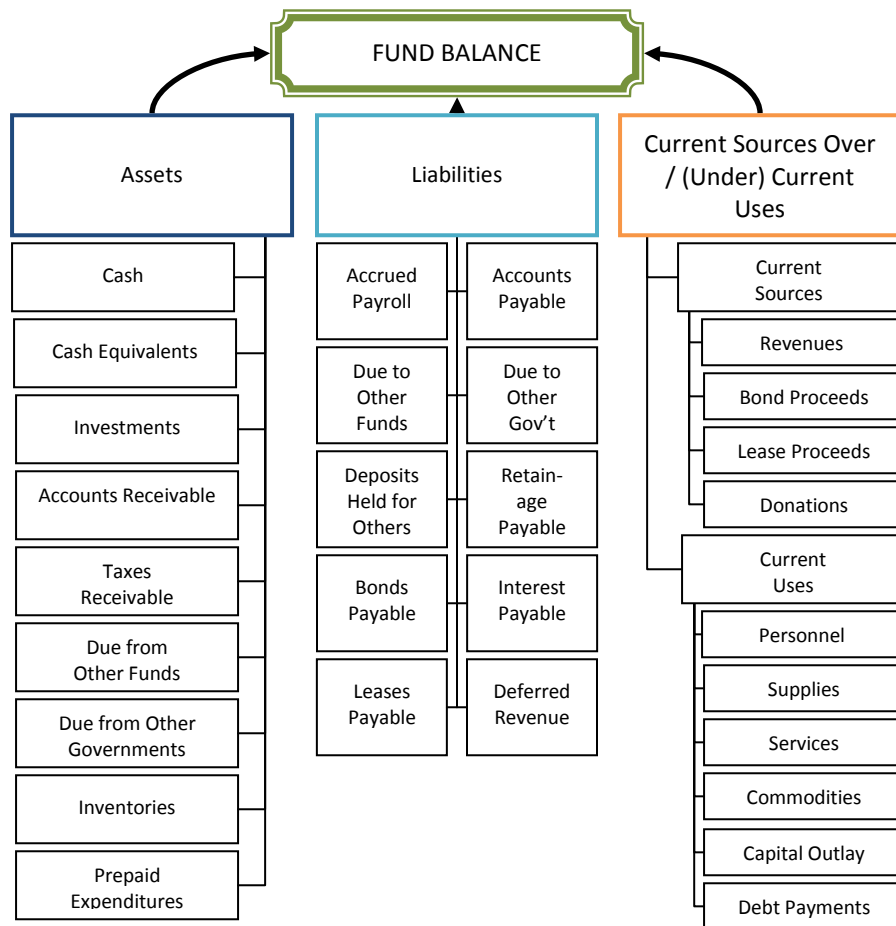
**RECOMMENDED PRACTICE**

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.

	FY2015 Projected	FY2016 Adopted		
	Actuals	Budget	Difference	% Change
General Fund	\$ 11,774,639	\$ 8,930,502	\$ (2,844,137)	-24.2%
HURF	17,261,339	3,148,598	(14,112,741)	-81.8%
Jail District Operations	1,458,186	346,778	(1,111,408)	-76.2%
Library District	5,518,695	3,307,991	(2,210,704)	-40.1%
Health District	1,441,255	666,503	(774,752)	-53.8%
Flood Control	16,420,898	778,847	(15,642,051)	-95.3%
Housing	894,908	743,420	(151,488)	-16.9%
Improvement Districts	1,082,244	912,693	(169,551)	-15.7%
Debt Service	4,687,953	4,630,761	(57,192)	-1.2%
Capital Improvements	4,709,532	1,102,770	(3,606,762)	-76.6%
Other Govt. Funds	5,468,566	2,970,633	(2,497,933)	-45.7%
Internal Service Funds	6,977,971	6,678,817	(299,154)	-4.3%
	<b>\$ 77,696,186</b>	<b>\$ 34,218,313</b>	<b>\$ (43,477,873)</b>	<b>-56.0%</b>

**Changes in Fund Balance**

General Fund: The FY2015/2016 budgeted ending fund balance decreases 10.3% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of state funding/cost shifts and increased costs in areas such as the AZ Health Care Cost Containment System, pension plans, health insurance, legal services and compensation.

HURF: The FY2015/2016 budgeted ending fund balance decreases 82.2% (combined Development Services and Public Works) as compared to FY2014/2015 projected actual ending fund balance. This is primarily due to state funding/cost shifts and ongoing projects having reached the stage where spending is anticipated to increase.

Jail District General Operations: The FY2015/2016 budgeted ending fund balance decreases 76.2% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of increased pension and supplies & services costs in areas such as indirect cost and insurance premiums.

Library District: The FY2015/2016 budgeted fund balance decreases 30.9% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of increased compensation and supplies & services costs in areas such as telephone and indirect cost.

Health District: The FY2015/2016 budgeted fund balance decreases 53.8% as compared to FY2014/2015 projected actual ending fund balance. This is primarily due to lower than expected grant revenue and increased costs in areas such as indirect cost and capital outlay.

Flood Control District: The FY2015/2016 budgeted fund balance decreases 95.3% as compared to FY2014/2015 projected actual ending fund balance. This is primarily due to ongoing projects having reached the stage where spending is anticipated to increase.

Housing: The FY2015/2016 budgeted fund balance decreases 16.9% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of increased supplies & services costs in areas such as housing assistance payments.

## Changes in Fund Balance- Concluded

Improvement Districts: The FY2015/2016 budgeted fund balance decreases 15.7% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of projects having reached the stage where expenditures are expected to increase.

Capital Improvements: The FY2015/2016 budgeted fund balance decreases 76.6% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of ongoing projects having reached the stage where spending is anticipated to increase.

Other Governmental Funds: The FY2015/2016 budgeted fund balance decreases 45.7% as compared to FY2014/2015 projected actual ending fund balance. This is primarily the result of state funding/cost shifts and increased costs in approximately 100 funds.

# 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 06/30/14	\$ 14,656,464	\$19,247,469	\$ 609,902	\$7,400,704	\$ 1,043,941	\$ 17,059,163	\$1,010,467
Sources:							
Revenues	71,408,873	12,539,049	13,253,136	9,913,591	7,128,960	2,673,988	3,662,077
Transfers in	18,964	-	6,613,040	-	1,408,923	-	-
Total sources	71,427,837	12,539,049	19,866,176	9,913,591	8,537,883	2,673,988	3,662,077
Uses:							
Expenditures	65,524,288	14,145,179	17,981,317	8,371,397	7,518,544	3,312,253	3,777,636
Transfers out	8,785,374	-	1,036,575	3,424,203	622,025	-	-
Total uses	74,309,662	14,145,179	19,017,892	11,795,600	8,140,569	3,312,253	3,777,636
Change in fund balance (net)	(2,881,825)	(1,606,130)	848,284	(1,882,009)	397,314	(638,265)	(115,559)
Fund balance 06/30/15	\$ 11,774,639	\$17,641,339	\$ 1,458,186	\$ 5,518,695	\$ 1,441,255	\$ 16,420,898	\$ 894,908
Budget Fiscal Year 2016:							
Sources:							
Revenues	75,383,084	11,562,000	13,473,425	10,193,913	7,477,101	3,470,419	3,800,453
Transfers in	162,972	-	6,720,258	-	1,576,952	-	-
Total sources	75,546,056	11,562,000	20,193,683	10,193,913	9,054,053	3,470,419	3,800,453
Uses:							
Expenditures	70,308,922	26,060,995	20,264,916	8,543,775	9,091,885	19,110,420	3,954,521
Transfers out	8,407,650	-	1,040,175	3,355,125	790,054	-	-
Anticipated reversions	(1,958,230)	-	-	-	-	-	-
Total uses	76,758,342	26,060,995	21,305,091	11,898,900	9,881,939	19,110,420	3,954,521
Change in fund balance (net)	(1,212,286)	(14,498,995)	(1,111,408)	(1,704,987)	(827,886)	(15,640,001)	(154,068)
Fund balance 06/30/16	\$ 10,562,353	\$ 3,142,344	\$ 346,778	\$ 3,813,708	\$ 613,369	\$ 780,897	\$ 740,840

# 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 06/30/14	\$ 1,236,688	\$ 4,677,216	\$ 5,136,996	\$ 6,445,316	\$ 6,869,926	\$85,394,252
Sources:						
Revenues	881,208	256,957	261,973	19,493,986	15,601,587	157,075,385
Transfers in	-	4,882,550	534,634	780,534	7,127	14,245,772
Total sources	881,208	5,139,507	796,607	20,274,520	15,608,714	171,321,157
Uses:						
Expenditures	981,706	5,128,770	1,224,071	20,944,621	15,500,669	164,410,451
Transfers out	53,946	-	-	323,649	-	14,245,772
Total uses	1,035,652	5,128,770	1,224,071	21,268,270	15,500,669	178,656,223
Change in fund balance (net)	(154,444)	10,737	(427,464)	(993,750)	108,045	(7,335,066)
Fund balance 06/30/15	\$ 1,082,244	\$ 4,687,953	\$ 4,709,532	\$ 5,451,566	\$ 6,977,971	\$78,059,186
Budget Fiscal Year 2016:						
Sources:						
Revenues	1,102,133	252,893	1,089,700	22,197,885	17,414,299	167,417,305
Transfers in	-	4,904,220	399,082	664,481	-	14,427,965
Total sources	1,102,133	5,157,113	1,488,782	22,862,366	17,414,299	181,845,270
Uses:						
Expenditures	1,196,684	5,152,127	4,833,640	25,064,725	17,713,911	211,296,521
Transfers out	75,000	62,178	261,904	272,907	162,972	14,427,965
Anticipated reversions	-	-	-	-	-	(1,958,230)
Total uses	1,271,684	5,214,305	5,095,544	25,337,632	17,876,883	223,766,256
Change in fund balance (net)	(169,551)	(57,192)	(3,606,762)	(2,475,266)	(462,584)	(41,920,986)
Fund balance 06/30/16	\$ 912,693	\$ 4,630,761	\$ 1,102,770	\$ 2,976,300	\$ 6,515,387	\$36,138,200