



REVENUE

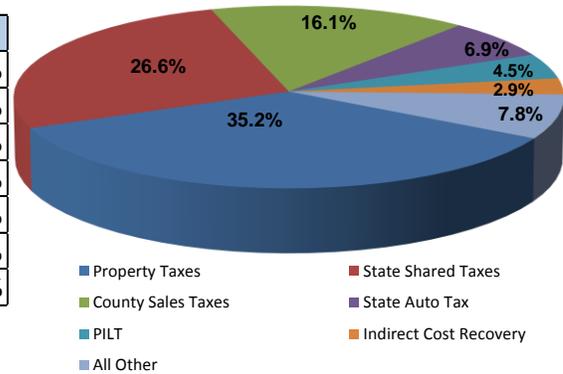
PURPOSE OF SECTION

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.

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.

TOP SIX SOURCES – GENERAL FUND

	FY15/16	FY16/17
#1 County property tax	35.7%	35.2%
#2 State shared tax (TPT)	26.2%	26.6%
#3 County sales tax (TPT)	16.1%	16.1%
#4 State auto tax	6.5%	6.9%
#5 Federal payment in lieu of tax (PILT)	4.6%	4.5%
#6 Indirect cost recovery	3.2%	2.9%
	92.3%	92.2%



Ninety two point two percent (92.2%) 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 these two sources account for 61.8% of the general fund’s total revenue.

County transaction privilege (sales) taxes and automobile taxes account for 23.0% of total revenue sources. The County’s indirect cost recovery plan and the Federal payment in lieu of tax (PILT) are 2.9% and 4.5%, respectively, of the general fund’s total revenue.

	FY2016 Projected	FY2017 Adopted Budget	% Change of Projected
Transaction privilege taxes	12,211,024	12,516,300	2.50%
Auto-in-Lieu	5,289,660	5,395,453	2.00%
State shared revenues (Incl ACCCHS)	20,095,496	20,698,361	3.00%
Property Taxes	26,905,363	27,414,975	1.89%
Payment in lieu of taxes	3,706,223	3,476,376	-6.20%
Indirect cost revenue	2,442,591	2,240,701	-8.27%
All other:			
Taxes	976,073	970,772	-0.54%
Licenses and permits	566,297	585,327	3.36%
Intergovernmental	706,066	960,077	35.98%
Charges for services	1,775,209	1,762,974	-0.69%
Fines and fees	1,451,588	1,471,932	1.40%
Investment income	34,215	50,000	46.13%
Rents	23,792	23,792	0.00%
Miscellaneous	282,508	255,177	-9.67%
Total revenues	76,466,105	77,822,217	1.77%

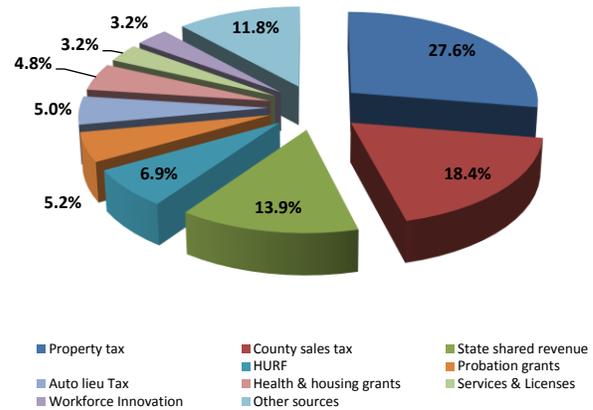
FY 2016-2017 budgeted revenue increases 1.77% over the prior year projected actual revenue. Due to the modest rate of growth in the economy, it is anticipated that the rate of growth in all sources of revenues will continue to be limited.



REVENUE

TOP TEN SOURCES – ALL FUNDS

	FY15/16	FY16/17
#1: County property tax	27.3%	27.6%
#2: County transaction privilege tax (sales tax)	17.3%	18.4%
#3: State shared revenue	13.6%	13.9%
#4: Other Sources	12.0%	11.8%
#5: Highway User Revenue Fund (HURF)	6.3%	6.9%
#6: Juvenile and Probation grants	5.3%	5.2%
#7: Auto in lieu tax	5.0%	5.0%
#8: Health and Housing grants	4.5%	4.8%
#9: Services and Licenses	3.2%	3.2%
#10: Workforce Innovation and Opportunity Act (WIOA)	4.6%	3.2%
	99.2%	100.0%



One hundred percent (100.0%) of the County’s revenue is comprised of the ten (10) major sources listed above. These sources are the primary indicators of the County’s revenue outlook.

County property and sales taxes are the top two revenue sources. When combined they account for 46.0% (1.3% increase from last year’s projected budget) of the total sources.

State shared revenue, HURF, and Auto in lieu taxes (vehicle license) account for a combined total of 25.8% of total revenue sources (0.9% increase from last year’s projected budget).

Workforce investment act, Probation, and Health and Housing revenues combined for a total of 13.2% of total revenue sources (-2.0% decrease from last year’s projected budget).

The remaining 15.0% of revenue sources is comprised of hundreds of other taxes, charges for services, fines and fees, investment income, grants and miscellaneous.

Budget year 2016/17 shows an increase in total sources of \$1.6 million or 1.1% as compared to last years’ projected budget. The current budget was conservatively assembled considering the national and local economic trends.

SUMMARY TABLE

The table to the right summarizes the County’s revenue sources for the last five (5) years (in millions).

SUMMARY TABLE MAJOR REVENUES

	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual	Actual	Actual	Projected	Budgeted
Property taxes	37.2	36.5	38.1	41.0	41.8
County sales taxes	25.5	25.7	26.5	26.0	27.8
State shared revenue	18.2	18.7	19.5	20.4	21.1
One time Improv district grants	0.1	0.0	0.1	1.2	-
Highway user revenue fund	8.8	9.0	9.8	9.5	10.5
Juvenile and probation grants	7.5	7.7	7.7	8.0	7.9
Auto in lieu taxes	6.4	6.6	7.0	7.5	7.6
Health and housing grants	6.7	6.8	7.2	6.7	7.3
Funds generating activities	5.1	4.9	4.9	4.8	4.8
Workforce investment	5.9	4.6	5.1	6.8	4.8
Total major revenues	121.4	120.5	125.9	131.9	133.6
Total other revenues	18.0	18.0	17.5	18.0	17.9
Total current revenues	139.4	138.5	143.4	149.9	151.5
Prior year's fund balance	87.6	86.3	78.5	72.0	73.4
TOTAL SOURCES	227.0	224.8	221.9	221.9	224.9



PROPERTY TAX

Summary:

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 since the tax rate is \$2.4684 then the current calculation for the County residential property tax would be:

$$(\$100,000 \times 10\%) / 100 \times \$2.4684 = \mathbf{\$246.84}$$

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

The tax year is the calendar year in which the tax is levied rather than the government’s fiscal year.

For example: Tax year 2016 is the tax levied in calendar year 2016 (August 2016) for the fiscal year 2016/2017 budget (beginning July 1, 2016 and ending June 30, 2017).

Analysis:

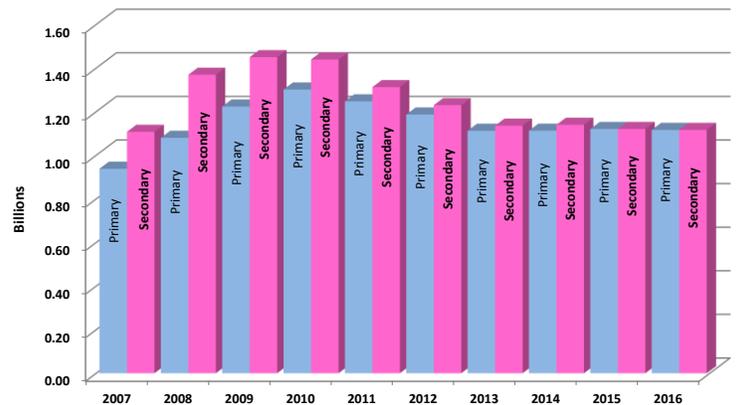
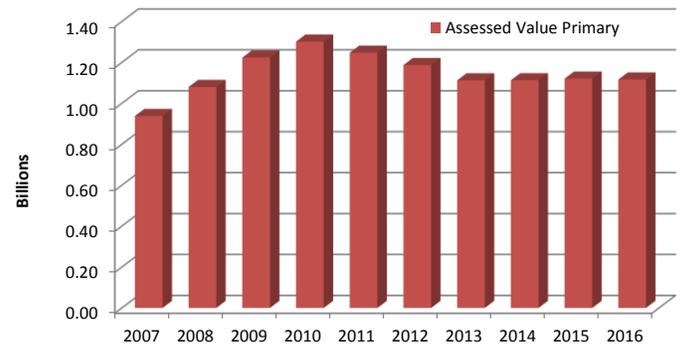
Assessed Valuation:

Primary: The primary assessed valuation is a legislated valuation, which is part of the formula when assessing taxes for general operations (general fund). In tax year 2016 (fiscal year 2016/17), the net primary assessed valuation decreased by \$4,317,219 to \$1.116 billion, new construction included, with 1.86%, or \$20,745,527, attributed to new construction.

Secondary: The secondary assessed valuation is the basis for the County’s debt service (if applicable), and the Library and Flood Control District levies. The net secondary assessed valuation also decreased by \$4,317,219 to \$1.116 billion new construction included as compared to tax year 2015.

The graph to the right shows a ten year history of the County’s net primary and secondary assessed valuations (in billions). The graph shows that current tax year values for primary and secondary are below as compared to tax year 2010 by -14.24% and -22.44% respectively.

The graph below shows a ten year history of the county’s net primary assessed valuations (general fund) by Tax Year.





REVENUE

PROPERTY TAX (Continued)

Tax Rates:

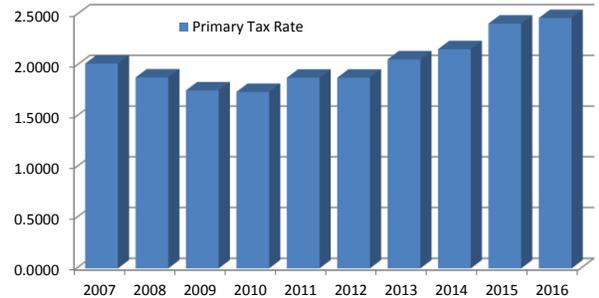
Primary: The County levies property taxes for the general fund on primary assessments and the taxes are used for general governmental services. The rate history over the last eighteen (18) years has been as follows: from fiscal year 1997/98 through 2004/05 the County had a consistent tax rate of \$2.318 per \$100 assessed valuation. In fiscal year 2005/06 through 2010-11, the County has reduced the tax rate each year arriving to a \$1.7397 per \$100 assessed valuation. Fiscal Year 2011/12 marked the first year in more than fifteen (15) years the County has increased the tax rate to \$1.8798.

In fiscal year 2012/13, despite the increase in the cost of services, the Board of Supervisors opted to maintain same tax rate of 1.8798 per \$100 assessed valuation. However, this trend was not sustainable on an annual basis and for fiscal year 2013/14, the Board opted to increase the rate to 2.0606 per \$100 assessed valuation to maintain the fiscal year 2012/13 levy, exclusive of new construction. For fiscal year 2014/15, the Board increased the primary rate to \$2.1608 to maintain the fiscal year 2013/14 levy, exclusive of new construction. For fiscal year 2015/2016, the Board increased the primary rate to \$2.4132, exclusive of new construction. For fiscal year 2016/17, the Board increased the rate primary rate to \$2.4684, exclusive of new construction.

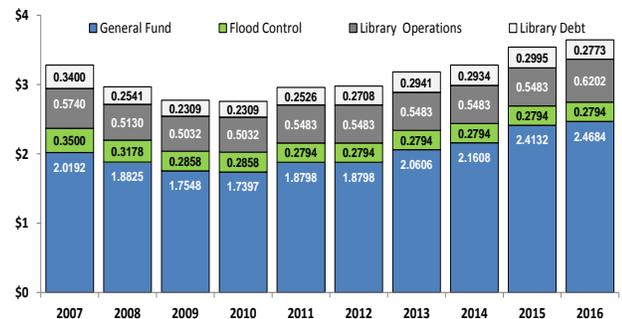
Secondary:

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. Rate history over the last eighteen (18) years has been as follows: from fiscal years 1997/98 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 fiscal year 2008/09 when it was reduced to \$0.5130, the rate was reduced again in fiscal year 2009/10 to \$0.5032 and maintained at that rate in fiscal year 2010/11. Following the trend established by the General Fund due to the decrease in assessed valuation, the rate was increased to \$0.5483 for fiscal year 2011/12 and continued at that rate for fiscal year 2014/15. The rate increased to \$0.5983 for fiscal year 2015/16. For fiscal year 2016/17 the rate increased to \$0.6202.

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



The graph below shows the County's ten (10) year history of primary and secondary property tax rates.



PROPERTY TAX (Continued)

Tax Rates-(Concluded):

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 beginning in 2005. The rate was originally required at \$0.3400 for fiscal year 2006/07 and then gradually reduced to \$0.2309 through fiscal year 2010/11. Again mainly due to the decrease in property values and in order to meet the required payment the rate was increased to \$0.2526 in fiscal year 2011/12 and once more increased in fiscal year 2012/13 to \$0.2708 per \$100 of assessed value. In order to meet the yearly debt obligation the rate was once more increased to \$0.2941 per \$100 of assessed valuation for current fiscal year 2013/14. The rate was reduced to \$0.2934 for fiscal year 2014/15. For fiscal year 2015/16 the rate increased to \$0.2995. In 2016 the outstanding bond principal was reduced by using available cash and completing a second refunding of most remaining bonds decreasing the rate to \$0.2773 for fiscal year 2016/17.

Flood Control District: The Flood Control District levies property taxes for the acquisition, construction, operations and maintenance of Flood Control systems, this rate is currently set at \$0.2794 per \$100 assessed value. The tax rate has stayed consistent at \$0.2794 since fiscal year 2011/12.

Levies

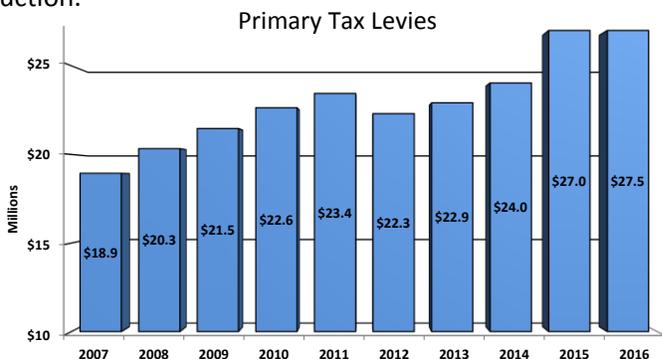
Primary: There is a strict limitation on how much a County can levy as a primary property tax. ARS 42-17051 states this levy shall be limited to an increase of 2% over the prior year’s maximum allowable primary levy, plus increases due to a net gain in property not taxed the previous year (new construction). 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 levy limitation was reset by the State’s legislative budget session in fiscal year 2006/07. 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.

For FY2016-17, the adopted primary property tax levy was maintained at the same level as in fiscal year 2015/16, excluding amounts attributable to new construction.

The levy adopted is 1.9% higher than last fiscal year (2015/16).

The graph to the right shows the County’s primary property levies for the past ten (10) years.





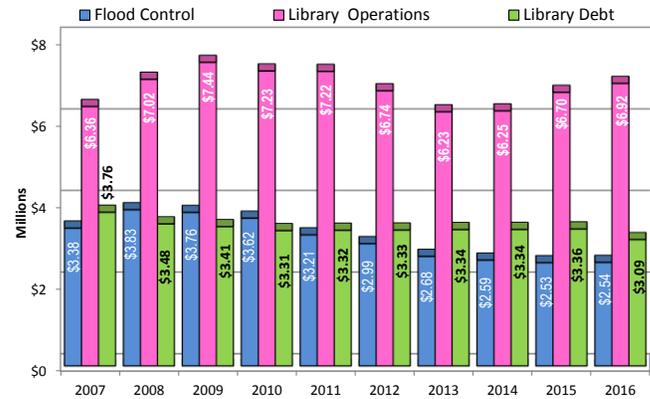
REVENUE

PROPERTY TAX (Concluded)

Levies:(Concluded)

Secondary: 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, the Board has 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.

Secondary Tax Levies



The Library District levy had a net decrease of (\$42,136) dollars (Library debt service included); and the Flood Control District increased by .3% or \$6,519 dollars.

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 within the County.

Property tax collections are estimated to remain above the historical average of 97.8%. For fiscal year 2016/17, the anticipated property tax revenue is derived from the following formula:

$$\text{Tax levy} \times 97.8\% \text{ collection rate} + \text{prior year collections}$$

Total property tax revenues of \$41.8 million account for 27.6% of total revenues. It is estimated to increase by 2.1% or \$874,063 compared to last fiscal year 2015/16 projected budget.

The General fund property tax revenue collections are estimated to increase by 1.9% or \$512,087 compared to last fiscal year 2015/16 projected budget.

The Flood Control District property tax revenue is estimated to increase by .3% or \$6,519 as compared to last fiscal year 2015/16 projected budget.

The Library District property tax revenue for operations is estimated to increase by 3.3% or \$218,058 and the debt service payment is estimated to decrease by -7.8% or (\$260,194) as compared to last fiscal year 2015/16 projected budget.

The graph to the right shows the County's property tax revenue history of five (5) years (interest accrued not included).

County property tax - in Millions (Assessed Allowable)	2011-12	2012/13	2013/14	2014/15	2015/16	2016/17
General fund - primary	\$ 23.4	\$ 22.3	\$ 22.9	\$ 24.0	\$ 27.0	\$ 27.5
Change from prior year	3.5%	-4.8%	2.7%	4.9%	12.5%	1.9%
Flood - secondary	3.2	3.0	2.7	2.6	2.5	2.5
Change from prior year	-11.2%	-6.7%	-10.4%	-3.4%	-2.4%	0.3%
Lib operation - secondary	7.2	6.7	6.2	6.2	6.7	6.9
Change from prior year	-0.1%	-6.6%	-7.6%	0.4%	7.3%	3.3%
Lib debt - secondary	3.3	3.3	3.3	3.3	3.4	3.1
Change from prior year	-2.9%	0.1%	0.3%	0.1%	0.3%	-7.8%
Total property tax	\$ 37.2	\$ 35.4	\$ 35.2	\$ 36.2	\$ 39.6	\$ 40.1



COUNTY TPT (SALES TAX)

Summary:

The County has a 0.50% general transaction privilege (sales) tax for general uses, 0.50% for the Jail District and 0.112% for the Health District. The general sales tax is 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. The authorization was good for 20 years to expire in 2015; however, in May 2011, Yuma County voters were asked and approved the extension of the tax and district for another 20 year term to the year 2035.

Fiscal Year	General Fund	Jail District	Health District	Other CIP	Yuma County
2006-07	0.50%	0.50%	0.10%	0.50%	1.60%
2007-08	0.50%	0.50%	0.10%	-	1.10%
2008-09	0.50%	0.50%	0.10%	-	1.10%
2009-10	0.50%	0.50%	0.10%	-	1.10%
2010-11	0.50%	0.50%	0.10%	-	1.10%
2011-12	0.50%	0.50%	0.10%	-	1.10%
2012-13	0.50%	0.50%	0.10%	-	1.10%
2013-14	0.50%	0.50%	0.10%	-	1.10%
2014-15	0.50%	0.50%	0.11%	-	1.11%
2015-16	0.50%	0.50%	0.11%	-	1.11%

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. Due to the increasing needs for new revenues to continue providing the Health services required; the Board of Supervisors adopted the permanent implementation of the full capacity tax as permitted by Statute. The increase adopted in fiscal year 2014-15 was a nominal 0.012%.

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.

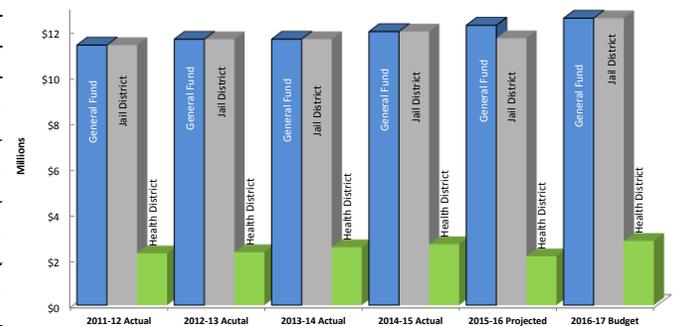
Analysis:

The County transaction privilege (sales) tax revenues of \$27.8 million accounts for approximately 18.4% of total revenues. Total County transaction privilege (sales) taxes collections have increased an average of 2.1% over the last three years.

The chart and graph below illustrates a five (5) year history of the County's sales tax (in millions).

County transaction privilege (sales) tax by major category - in Millions

	2011-12	2012/13	2013/14	2014/15	2015/16	2016-17
	Actual	Actual	Actual	Actual	Projected	Budget
General fund	\$ 11.3	\$ 11.6	\$ 11.6	\$ 11.9	\$ 12.2	\$ 12.5
Change from prior year	5.2%	2.2%	0.0%	2.9%	2.3%	2.5%
Jail district	11.3	11.6	11.6	11.9	11.6	12.5
Change from prior year	5.2%	2.2%	0.0%	2.9%	-2.5%	7.5%
Health district	2.3	2.3	2.5	2.7	2.1	2.8
Change from prior year	5.4%	2.3%	9.3%	5.3%	-19.9%	31.7%
Capital projects	0.0181	0.0201	-	-	-	-
Change from prior year	-51.3%	11.1%	-	-	-	-
Total sales tax	\$ 25.0	\$ 25.5	\$ 25.7	\$ 26.5	\$ 26.0	\$ 27.8



Total County General fund transaction privilege (sales) taxes are estimated to increase for the current budget year by 2% or \$305,276 over the last year projected budget.



STATE SHARED TPT (SALES TAX)

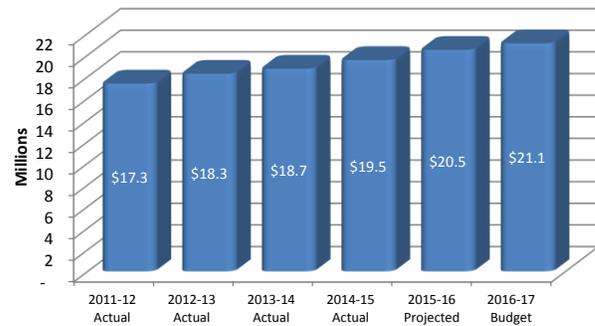
Summary:

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.

Analysis:

State shared sales tax revenues of \$21.1 million accounts for approximately 13.9% of total revenue sources. It is projected this revenue source will have an increase of 2.9% or \$602,865 for FY 2016/17. The minimal increase is attributable to the modest rate of growth in the statewide economy.

The chart to the right shows state shared transaction privilege (sales) tax revenues history of the last five years (in millions).



HIGHWAY USER REVENUE FUND

Summary:

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.

Analysis:

HURF revenue of \$10.5 million accounts for approximately 6.9% of total revenue sources. This fiscal year it is anticipated revenue will increase by 9.7% or \$1,020,000.



REVENUE

JUVENILE & ADULT PROBATION GRANT

Summary:

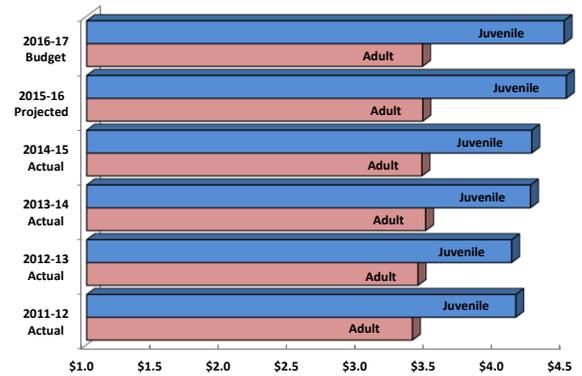
Juvenile and Adult Probation Grants are revenues received, primarily from the State; to carry out specific State mandated services and programs under the umbrella of Superior court.

Analysis:

The total of these grants is approximately \$7.9 million and accounts for approximately 5.2% of total revenue sources. Grants have increased at an average increase of 2.58% (3.5% Juvenile and 1.5% Adult) over last five (5) fiscal years. This fiscal year 2016/17 anticipates a combined decrease of 0.4% or (\$29,399).

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



AUTO IN LIEU TAX

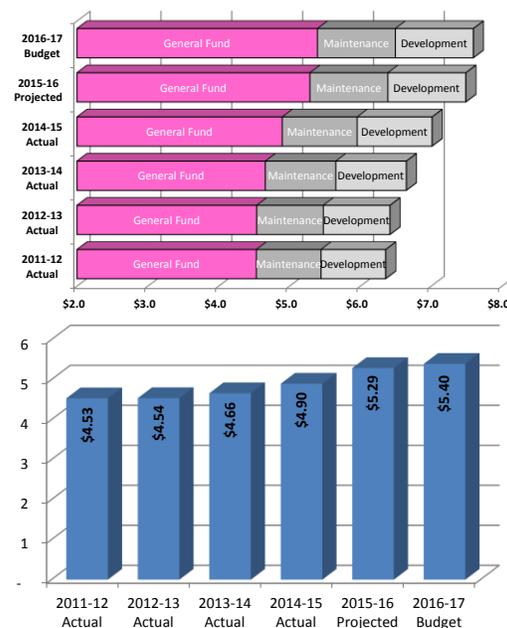
Summary:

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.

Analysis:

This revenue of \$7.6 million accounts for approximately 5.0% of total revenue. This is an increase of 1.4% or \$105,793 over fiscal year 2015/16.

The chart to the right shows auto in lieu tax revenues history of the last five (5) years (in millions).



The chart to the right shows auto in lieu tax revenues history of the last five years (general fund).



HEALTH AND HOUSING GRANT

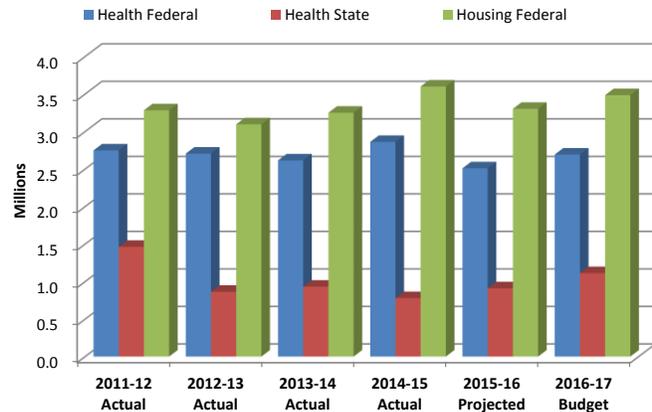
Summary:

Almost half of the total funding for the health district comes from federal and state government grants (51%). All of the funding for the Housing department is from federal 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.

Analysis:

The total of these grants is approximately \$7.3 million and accounts for approximately 4.8% of total county's revenue sources. It has a total average decrease of .5% (-7.4% Health and -1.1% decrease in Housing) over last five (5) fiscal years.

The chart shows the Health and Housing grant revenue history for the past five (5) years (in millions).



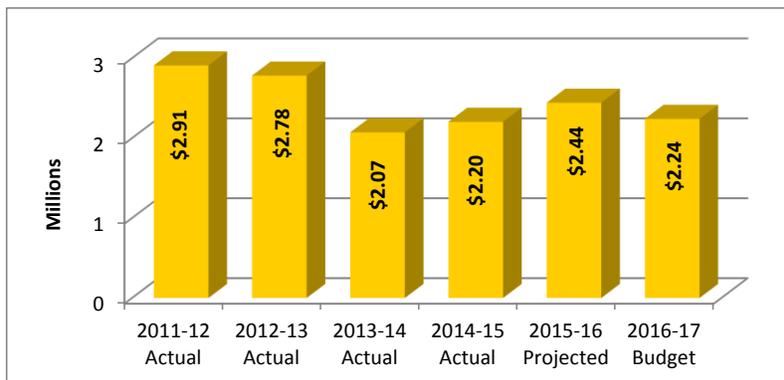
INDIRECT COST RECOVERY

Summary:

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.

Analysis:

Indirect cost recovery revenue of \$2.2 million accounts for 2.9% of the general fund revenue, a -8% decrease as compared to previous year. The chart below shows indirect cost recovery revenues history for the past five fiscal years.





REVENUE

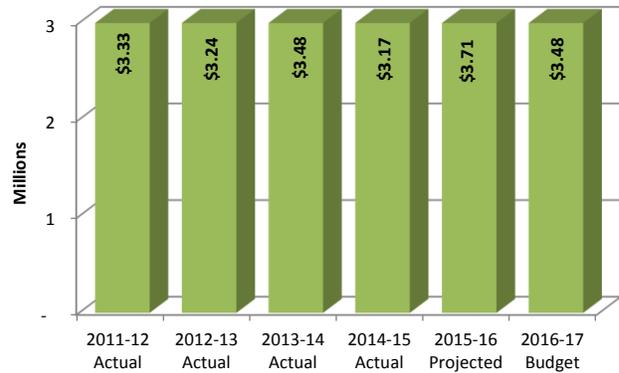
FEDERAL PAYMENT IN LIEU TAX (PILT)

Summary:

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.

Analysis:

Federal Payment in Lieu Tax (PILT) revenues of \$3.5 million account for 4.5% of the general fund revenue. It is anticipated to remain steady this fiscal year, which is consistent with three of the last four years. The chart to the right shows Federal PILT history for the past five fiscal years.



COUNTY FUNDS GENERATING ACTIVITIES

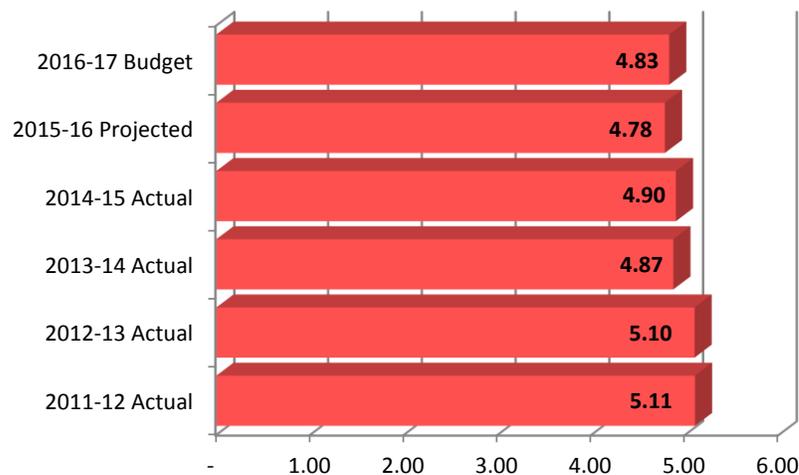
Summary:

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

Analysis:

The total of this revenue category amounts to \$4.8 million or 3.2% of total revenue sources. The fiscal year 2016/17 budget is an increase of 1.0% or \$45,522 as compared to the fiscal year 2015/16 projected budget.

The increase is estimated to continue as the local economy continues to recover from the recession. The chart below shows the money generating activities (Charges for services and Licenses and permits) history for the past five years (5) (in millions).





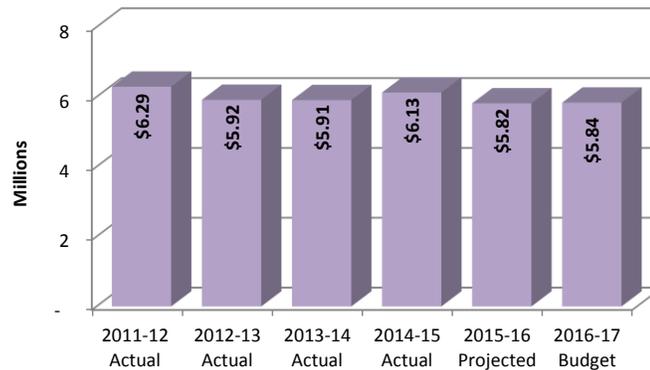
ALL OTHER REVENUE SOURCES

Summary:

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.

Analysis:

All other revenues of \$5.8 million account for 7.8% of the general fund revenue. This group has remained fairly consistent over the last several years. The chart below shows all other revenue sources history for the past five fiscal years.



WORKFORCE INNOVATION AND OPPORTUNITY ACT

Summary:

The Workforce Innovation and Opportunity Act is federal funding and referred to as “WIOA”. 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).

Analysis:

The total federal funding of \$4.8 million accounts for approximately 3.2% of total revenue sources. The actual amount paid to the County for this program is contingent upon appropriations by the Federal Government.

The chart below shows the Workforce Innovation and Opportunity Act revenue history of the past five (5) years (in millions).

