

# EXECUTIVE SUMMARY

## ROLE OF THE BUDGET

Despite the ongoing slowdown of the local, state, and national economy; Yuma County managed to assemble a balanced budget that focuses mainly on two items; 1) the continuation of current levels of service to its constituents; and 2) the strategic appropriation of limited resources to maintain the County's current solid financial position.

This year, the Yuma County Board of Supervisors has adopted a financially prudent budget that copes with current revenue shortfalls. However, as the demand on services continues to grow and sources of revenues cannot be matched to meet demands, difficult decisions will have to be made as to which services have a higher overall priority than others as they compete for the limited revenue available.

The best time of year to communicate these needs, rejuvenate sound financial decisions, and put the County's policy and operations guide in place is at Budget Time.

One of the most important duties of the Board of Supervisors is to adopt an annual budget for the County. The budget process provides the Board with the opportunity to match the needs of its customers (the community) and available resources with the intent of gaining the maximum return on each tax dollar. The efficient and effective delivery of services begins with sound financial planning. But, the budget is more than just a financial plan. It is intended to fulfill four major functions through its role as:

- A **Policy** Document;
- A **Financial** Plan;
- An **Operations** Guide; and
- A **Communications** Medium.

## SCOPE OF THIS SECTION

This section is intended to provide the reader with a broad overview of the sources and uses in the 2009/10 Adopted Budget. Financial summaries are provided in the *Summaries* section; department and district information is in the *Department Budgets* section; and even further detail is provided in the *Supplemental Information* section.

This section focuses primarily on the general and special revenue funds, as they are considered the County's "operating" funds.

- The general fund is commonly the most important to residents as it provides basic services, such as the Sheriff's patrol services, development services, the Court system, and administration. The general fund is the County's primary operating fund and it accounts for all financial resources of Yuma County, except for those required to be accounted for elsewhere.
- Special revenue funds are unique revenue sources that are legally restricted by statute, ordinance, or other specific requirements to finance specific functions or activities, such as the Library, Health and Jail Districts, as well as, Highway User Revenue Funds (HURF) that provide funding for streets.

The 2009/10 Adopted Budget is balanced and totals \$251,792,133 (including County improvement districts). This total represents a 7.6% reduction from last year's budget; supporting evidence that the County is seeking status quo on services due to the current and forecasted negative economic situation.

# EXECUTIVE SUMMARY



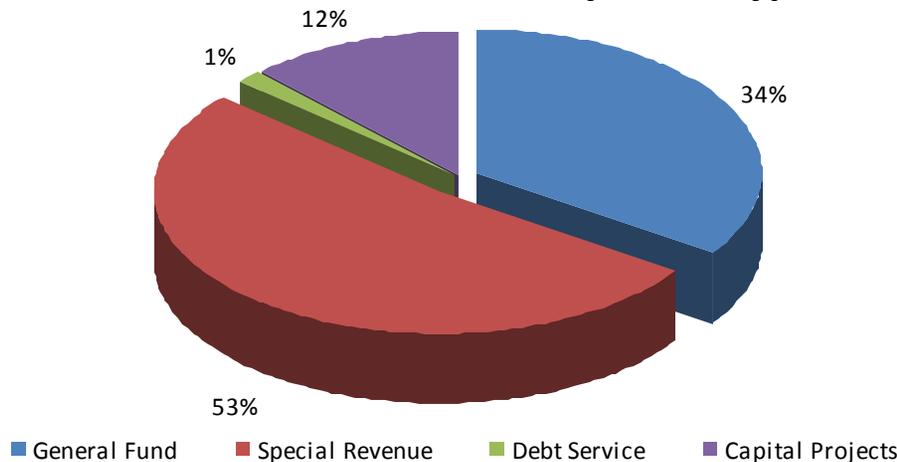
## TOTAL SOURCES

Total available sources are \$252 million; this includes current revenues, transfers, and carry-forward balances from prior years.

General fund sources of \$86 million account for 34% of the total budgeted sources. Capital projects total sources of \$31 million account for 12% of total sources. Capital projects sources primarily consist of carry-forward fund balances and awarded grants. Special revenue funds account for the larger portion at 53%, or \$131 million, of total available sources. Resources accumulated for the payment of long-term debt recorded in the Debt service funds amount to \$4 million, or 1%.

General fund sources are not typically restricted. Special Revenue, Capital Projects, and other sources of revenue, are generally restricted for a particular purpose; otherwise the source would be considered General Fund.

**Total Available Sources by Fund Type**



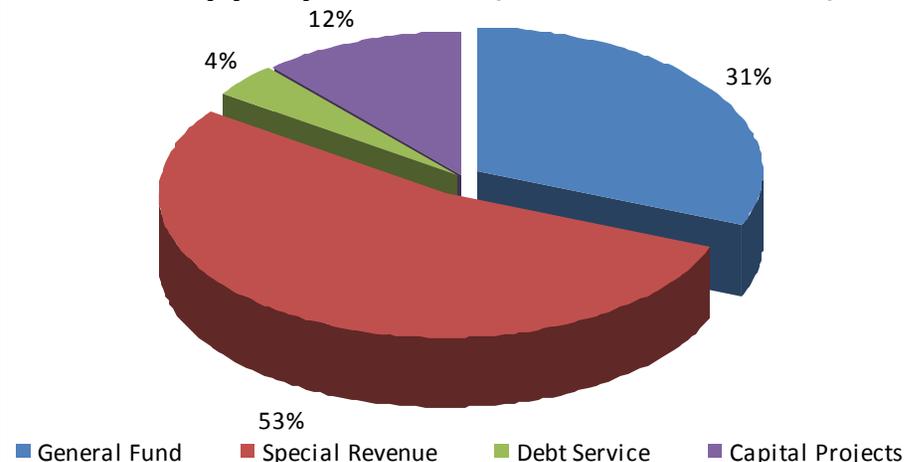
## TOTAL USES

Total appropriations are \$252 million; this includes operating expenditures, capital improvements, debt payments, and adequate reserves and set-asides to carry operations forward into future years.

Special Revenue funds have the highest appropriations at \$135 million, or 53%. The General fund follows with \$78 million, or 31% of total recommended uses. Capital projects are projected at \$29 million, or 12%, and are primarily a continuation of existing projects. Debt service funds recommended are \$10 million, or 4%.

Generally, Capital projects, Enterprise and Special revenue fund appropriations are matched to specific and restricted funding sources. The General fund is used to subsidize, match, or fully fund some of these programs and projects.

**Total Appropriations (Net of Transfers)**



# DOCUMENT OVERVIEW

## PURPOSE OF SECTION

This section outlines the 2009-10 Budget Document. Copies of this document are available for viewing at the County Administration building, libraries and the County's website ([www.co.yuma.az.us](http://www.co.yuma.az.us)), or by contacting the Office of Management and Budget at 928.373.1010.

There are six sections to this budget document.

- Executive Summary – *WHAT* challenges the County is facing and what the budget outlook is this year.
- Summaries – *WHEN* you just need a quick reference.
- Department Budgets – *WHERE* County services are delivered from.
- Capital Improvements Program – *WHY* not all budgets are in Department Budgets.
- Glossary / Fund Descriptions – Extra information to assist in reading governmental budgets.
- Supplemental Information – *HOW* priorities are set and legal budgeting requirements are met.

## EXECUTIVE SUMMARY

The **Executive Summary** section gives a welcome from the County Administrator, an overall snap-shot of the organization structure and sections to give a broad view of important financial information about the overall budget of the County, information on the budget process and how it is designed to assist the reader when looking through all other aspects of this document and a quick calendar reference guide of when budget hearings are tentatively being scheduled with the Board of Supervisors.

## SUMMARIES

The **Summaries** section contains many summary schedules at a varied level of detail. Such items include, property tax levies, revenues, expenditures, changes in fund balances and changes in authorized full-time equivalents. This section primarily focuses on the general fund and County funds as a whole. Information related to a particular department is portrayed at the department level. Further detailed information on specific departments or programs can be found in the *Department Budgets* and *Supplemental Information* sections.

# DOCUMENT OVERVIEW



## DEPARTMENT BUDGETS

The **Department Budgets** section breaks down the County's various programs and functions into distinctive operating budgets. It focuses on each department's operations and does not include major capital projects. Capital projects are represented in the *Capital Improvements Program* section and debt service, interfund transfers, reserves and set-asides and revenues are represented in the *Supplemental Information* section.

Department & District budgets are presented alphabetically by name and have a summary that follows a standard pattern. All Districts are managed by a County Department, but are still considered a legally separate entity from the County.

## CAPITAL IMPROV. PROGRAM

The **Capital Improvements Program** section provides a summary of the County's *Capital Improvement Program* (CIP) which represents all major projects undertaken by the County to acquire or construct assets that have a value in excess of \$50,000 and a useful life of more than one (1) year. It also provides detailed information on current projects.

## GLOSSARY

The **Glossary** section contains supportive information to all other sections of the budget document. Being that governmental budgets are a specialized form of budgeting, its glossary is specialized in explaining those commonly used and important abbreviations, acronyms, terms and appropriate definitions for the circumstances.

## SUPPLEMENTAL INFORMATION

The **Supplemental Information** section contains information that is part of the County's budget process and legal requirements. This information doesn't necessarily fit in the *Executive Summary* or *Summaries* sections since it is highly detailed and descriptive; nor is it appropriate to include in the *Department Budgets* sections since it isn't directly tied to a department, district or single operation. However, this information is referenced and supports the previous five sections of the budget document.

## PURPOSE OF SECTION

This section is intended to briefly describe the County's budget process.

## BUDGET METHODS

The County utilizes five standard budget methods throughout its budget process. Each method is focused on a particular category of expenditures and at specific stages of the process. These include:

- Quota budgeting
- Incremental budgeting
- Open-ended budgeting
- Zero-based budgeting
- Program budgeting

Quota: Each department prepares their budget based on a pre-established control figure in the form of a percentage increase or decrease derived from revenue analyses and distribution among programs. The County uses this method for grant and / or limited funded programs.

Incremental: Every individual line item is looked at for either an increase, decrease or no change. These changes are tied to mainly inflationary data and a presumption that the prior year's resources were properly allocated to existing programs and they will continue at current service and performance levels. The County uses this method in its first 3 stages of the budget process to establish the base-budget.

Zero-based: Each year the budget process starts at Zero. Each department evaluates its goals and initiatives to justify its new as well as existing programs. These are then prioritized to meet County-wide visions and missions and to match available resources. The County uses this method for all capital outlay, pilot and locally subsidized programs.

Open-ended: Sometimes called the "blue sky" approach asks that departments turn in their requests without comparing themselves to other departments or current resources. These types of requests almost always exceed the resource available and require prioritization on a County-wide basis. The County uses this method as the 4<sup>th</sup> stage of the budget development process, after the base-budget has been established, available resources have been estimated and County-wide goals and objectives have been established.

Program: Combines planning with the budget process as budgets are prepared at the program level and then allocated to appropriate and responsible departments for execution. This establishes requirements of resources from anticipated costs and alternatives options. The County uses this method for all new and pilot programs, as well as, various major projects that require resources from multiple departments.

# BUDGET PROCESS



## BUDGET STAGES

When framing the budget, multitudinous factors are considered and examined. These include, but are not limited to: position control, program evaluation, performance measures, intergovernmental relations, grants, capital improvement plans, financial policies, debt management, long-term planning, revenue forecasting, operating conditions of the County (current and future challenges), economic factors, federal and state mandates, current and future tax base, levy limitations, expenditure limitations, and the State's economic and budget outlook.

In late September or early October, a Board retreat should be scheduled to go over strategic planning and general direction for departments to develop their subsequent year's budget requests to meet their expected performance and service levels.

Another retreat should be held in February, for presentations of financial forecasts and in areas requiring major policy decisions. More concrete direction is also given to departments for what services and service levels their department budgets should reflect in the upcoming months.

Shortly thereafter, all departments receive a budget calendar, budget manual and sample of all budget forms and attend a training session of these materials.

The County's budget process provides a "snap-shot" at seven different unique and distinctive stages:

- 1) Initial base-budget
- 2) Base budget response
- 3) Approved Base-budget
- 4) Department request
- 5) Recommended budget
- 6) Board's Tentative Budget
- 7) Board's Final (Adopted) Budget

Initial base-budget: This stage is prepared by the Budget Review Team (BRT) and distributed to departments.

Personnel services are estimated at existing level of authorized positions at current compensation level with benefits as established by the governing body.  
(Incremental budgeting)

Supplies and services are adjusted based on the best known and appropriate economic factors, such as the consumer price index, contractual incremental increases, or postage and electricity, based on current information.  
(Incremental budgeting)

Capital Outlay is zeroed-out for capital requirements under \$50,000. Capital outlay in excess of \$50,000 is part of the County's capital improvement program.  
(Zero-based budgeting)



## BUDGET STAGES (CONCLUDED)

Base-budget response: This stage is prepared by the department and returned to the BRT. New, expanded and/or enhanced service budget requests are not part of this stage. Departments need to analyze and adjust their line items up or down to ensure that the existing level of service can still be met next fiscal year. This may include additional staffing where staffing levels are primarily driven by increased population, traffic, patrons or customers.  
(Quota and Incremental budgeting)

Approved base-budget: This stage is agreed upon by both the BRT and department. This is the starting point for departments to prepare their budget requests. Available resources are estimated and priority ranking systems have been established.  
(Quota, Incremental and Zero-based budgeting)

Department request: This stage is prepared by the Department and returned to the BRT. It includes comprehensive documentation including the Departments mission, organization chart, services, new initiatives, expectations, performance and service levels and standards, new staffing and necessary funding to execute all the above.  
(Open-ended budgeting).

Recommended budget: This stage is prepared by the BRT, reviewed with departments and presented to the County Board of Supervisors and all interested citizens. A document similar to this is prepared, distributed and posted on the website. The BRT reviews all revenue and reserve projections, 5-year financial forecast, methodology for prioritizing and ranking all department requests, and ensures current sources balance with current uses. It includes multiple special sessions with the Board of Supervisors to go over the recommended budget document, all department requests and any other information requested or important for decision making.

Board of Supervisors tentative budget: This stage is finalized by the County Board of Supervisors. After holding a budget hearing with each department and examining all other information, the Board can adjust the recommended budget as they wish. After those adjustments they tentatively adopt the budget on budget forms as prescribed by the State's Auditor General and publish the forms for 2 consecutive weeks.

Board of Supervisors final (adopted) budget: This stage is finalized by the County Board of Supervisors. After holding a public hearing on the budget and a truth-in-taxation hearing (if applicable), the County Board of Supervisors still has the opportunity to modify the tentative budget if desired. However, they can not exceed expenditures that were published in the tentative budget. Fourteen days after budget adoption, the Board adopts the property levy on primary and secondary assessments, if applicable. The adopted budget is also recorded on the State forms and represented in this document.



# BUDGET PROCESS

## BUDGET MONITORING

During the fiscal year, department budgets are monitored. The Board of Supervisors adopts its budget at the department level and generally monitors it there. The County Administrator monitors department budgets at the categorical level (i.e. personnel, supplies and services, capital outlay). Departments tend to monitor their budgets at the line item level. They are allowed to make budget adjustments between line items to assist with this monitoring. Departments are encouraged to use similar categorical line items when making these adjustments. They are restricted from using capital outlay to fund on-going operations without Board of Supervisors' action. Throughout the year, requests may come to the Board of Supervisors to allocate contingency funds to cover unforeseen expenditures. No transfers from contingencies are allowed unless authorized by the Board of Supervisors action. Transfers from personnel to other items also require Board action, where the Board looks at the impacts of the transfer in the current year, as well as in subsequent years.

Capital improvements are monitored at the project category level. The majority of these projects are monitored by the Capital Improvement Program division of the Development Services Department.

Monthly budget expenditure reports are compiled by Financial Services, and the Office of Management and Budget distribute quarterly revenue and benchmark expenditure budget reports.

Budget compliance of staying within the departmental budget is the primary responsibility of the department.

