

County Funding

	FY 2024 ACTUAL	FY 2025 ESTIMATE	FY 2026 BASELINE
SPECIAL LINE ITEMS			
Coordinated Reentry Planning Services	7,000,000	0	0
Elected Officials Retirement Plan Offset	3,000,000	3,000,000	3,000,000
Small County Assistance	7,650,700	7,650,700	7,650,700
AGENCY TOTAL	17,650,700	10,650,700	10,650,700
FUND SOURCES			
General Fund	17,650,700	10,650,700	10,650,700
SUBTOTAL - Appropriated Funds	17,650,700	10,650,700	10,650,700
TOTAL - ALL SOURCES	17,650,700	10,650,700	10,650,700

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) distributes these monies to counties for maintenance of county services and to offset local cost sharing and Elected Officials Retirement Plan liabilities.

Coordinated Reentry Planning Services

The Baseline includes no funding in FY 2026 for Coordinated Reentry Planning Services. This amount is unchanged from FY 2025.

This line item provides funding to ADOA for distribution to counties to establish a coordinated reentry planning services program. The FY 2022 General Appropriation Act allocated a total of \$10,000,000: \$5,000,000 to Mohave County, \$4,000,000 to Pinal County, and \$1,000,000 to Yavapai County. The FY 2022 3-year budget plan included \$7,000,000 in both FY 2023 and FY 2024 for this purpose.

Table 1 shows the distribution of allocations for reentry planning programs from FY 2022 to FY 2024.

County	FY 22	FY 23	FY 24	Total
Mohave	\$5.0	\$2.3	\$2.3	\$9.7
Pinal	4.0	2.3	2.3	8.7
Yavapai	<u>1.0</u>	<u>2.3</u>	<u>2.3</u>	5.7
Total	10.0	7.0	7.0	24.0

1/ Totals may not add due to rounding.

Elected Officials Retirement Plan Offset

The Baseline includes \$3,000,000 from the General Fund in FY 2026 for the Elected Officials Retirement Plan (EORP) Offset. This amount is unchanged from FY 2025.

This amount is allocated equally among counties with a population of less than 300,000 according to the 2020

Decennial Census. Each of the 12 smallest counties receives \$250,000.

Small County Assistance

The Baseline includes \$7,650,650 from the General Fund in FY 2026 for Small County Assistance. This amount is unchanged from FY 2025.

This line item provides funding for counties with populations less than 900,000 according to the 2020 Decennial Census. With one exception, each qualifying county receives \$550,050 (see Table 2). Graham County receives \$1,050,050.

County	Ongoing Distribution	2020 Census Population
Apache	\$ 550,050	66,021
Cochise	550,050	125,447
Coconino	550,050	145,101
Gila	550,050	53,272
Graham	1,050,050	38,533
Greenlee	550,050	9,563
La Paz	550,050	16,557
Maricopa	-	4,420,568
Mohave	550,050	213,267
Navajo	550,050	106,717
Pima	-	1,043,433
Pinal	550,050	425,264
Santa Cruz	550,050	47,669
Yavapai	550,050	236,209
Yuma	<u>550,050</u>	<u>203,771</u>
Total	\$7,650,650	7,151,392

Other Issues

Statutory Changes

The Baseline would, as session law, continue to allow counties with a population of less than 250,000 according to the 2020 Decennial Census to use any source of county revenue to meet a county fiscal obligation for FY 2026, up to \$1,250,000 of county revenue for each county. The Baseline would continue to require counties using this authority to report to the Director of the Joint Legislative Budget Committee (JLBC) on the intended amount and sources of funds by October 1, 2025. *(See County Flexible Revenue Report section below for more information.)*

County Expenditure Limits

Article 9, Section 20 of the Arizona Constitution establishes the process for determining a county's expenditure limits. Section 20 directs the Economic Estimates Commission to determine and publish prior to April 1 of each year the expenditure limitation for the following fiscal year for each county. The expenditure limits are determined by adjusting the amount of actual payments of local revenues for each such political subdivision for FY 1980 to reflect the changes in the population of each political subdivision and the cost of living.

The governing board of any political subdivision may not authorize expenditures of local revenues more than the limit set by the Commission, except in certain circumstances outlined in Section 20 including natural and man-made disasters. Section 20 also permits the expenditure limits to be overridden, subject to voter approval, on either a one-time basis or permanently by raising the spending base. *(Please see Article 9, Section 20 of the Arizona Constitution for additional information.)*

Table 3 shows county expenditure limits set by the Commission for the most recent year with available data.

County Flexible Revenue Report

The FY 2025 Local Government BRB permits counties with a population of less than 250,000 according to the 2020 Census to use any source of county revenue, up to \$1,250,000, for purposes other than the purpose of the revenue source to meet a county fiscal obligation for FY 2025. Counties using the authority were required to report to the Director of the JLBC on the intended amount and sources of funds by October 1, 2024.

Table 3

County Expenditure Limits ^{1/}

<u>County</u>	<u>Fiscal Year</u>	<u>Expenditure Limits</u>	<u>Expenditures Subject to Limit</u>
Apache	2020	\$ 17,658,900	\$ 12,480,300
Cochise	2023	71,942,046	61,341,609
Coconino	2023	71,583,640	71,410,532
Gila	2023	46,330,256	38,857,535
Graham	2023	18,283,004	13,812,732
Greenlee	2022	14,534,572	12,509,834
La Paz	2022	34,400,063	13,778,800
Maricopa	2022	1,527,423,500	1,527,423,500
Mohave	2023	220,597,536	126,789,868
Navajo	2023	51,972,741	48,346,790
Pima	2022	623,628,000	623,627,000
Pinal	2022	303,396,000	190,262,000
Santa Cruz	2021	25,203,200	25,203,200
Yavapai	2022	137,486,867	132,561,019
Yuma	2023	100,658,729	96,593,693

^{1/} Amounts based on individual county Comprehensive Annual Financial Reports (CAFR), which are typically completed after county audits are conducted. The listed Fiscal Year indicates the most recent available data.

Of the 12 eligible counties, 1 reported using the flexibility in FY 2025:

- Coconino County: \$1,250,000 from the Jail District to the General Fund to pay down the Public Safety Personnel Retirement System (PSPRS) debt and pay for information technology needs for the Sheriff's Department.

The following 7 counties indicated that they are not utilizing this provision: Cochise, Gila, Graham, Greenlee, Mohave, Yavapai, and Yuma. The following 4 counties did not report their use of the flexibility provision: Apache, La Paz, Navajo, and Santa Cruz.

Table 4 shows the utilization of the county flexibility language in FY 2024 and FY 2025.

Table 4

County Flexibility Language Utilization

	<u>FY 2024</u>	<u>FY 2025</u>
Apache	\$1,050,000	N/A
Coconino	1,250,000	1,250,000
La Paz	<u>1,250,000</u>	<u>N/A</u>
Total	\$3,550,000	\$1,250,000