



**Memo**

**TO: County Officials**  
**FROM: CSA Staff**  
**DATE: June 25, 2007**  
**SUBJECT: FY08 Revenue and Expenditure Forecast**

---

Further details on these revenue and expense projections for fiscal year 2008 are included in the following pages. If the item was included in legislation for the state budget, bill numbers are referenced.

**Revenues**

- **Air Quality Funding**  
The legislature appropriated \$1,676,900 in FY08 and FY09 to cover costs associated with air quality programs in Maricopa, Pima and Pinal counties. (*HB2781: general appropriations; 2007-2008; 2008-2009*)
- **ALTCS Refund (FY06)**  
Counties will receive a refund totaling \$5,728,084 from FY06 county contributions to ALTCS.
- **County Assistance Fund/Arizona Lottery**  
Counties will continue to receive this population-based revenue, according to forecasts from the Joint Legislative Budget Committee. Lottery sales are increasing, and counties can expect to receive the combined maximum of \$7,650,000. The thirteen counties with populations under 500,000 will each receive \$550,035; Maricopa and Pima will each receive \$249,772.
- **Highway User Revenue Fund (HURF)**  
Based on information from the Arizona Department of Transportation, CSA estimates that counties will receive \$319,051,000 in HURF revenues.
- **Out-of-County Tuition Compensation**  
The legislature appropriated \$1.2 million to Apache, Greenlee, and Santa Cruz counties—the three counties without community college districts. For FY08, this funding will provide some relief from disproportionate costs associated with out-of-county reimbursement obligations pursuant to A.R.S. § 15-1469. (*HB2781: general appropriations; 2007-2008; 2008-2009*)
- **Proposition 204 Hold Harmless**  
The legislature continued funding to eight counties that began receiving “hold harmless” payments with the implementation of Proposition 204. Those counties receive a total of \$4,825,600 in FY08. (*HB2781: general appropriations; 2007-2008; 2008-2009*)

- **State Shared Sales Tax**  
The Arizona Department of Revenue estimates that counties will receive a total of \$786,000,000 of state shared sales tax in FY08.
- **Summer Youth Employment Funding**  
The legislature increased funding to summer youth employment programs across the state by 25%, appropriating \$1,250,000 in FY08. The county portion totals \$812,500. (*HB2781: general appropriations; 2007-2008;2008-2009*)
- **Forest Fee Receipts**  
Congress enacted a one-year reauthorization of the Rural Schools and Community Self Determination Act of 2000, and counties will receive FY07 funding equal to the appropriation they received in FY06. County advocates have already begun work on a multi-year extension of the program in FY08; visit [www.naco.org](http://www.naco.org) for updates.
- **Payment In-Lieu of Taxes (PILT)**  
Counties can expect to receive FY07 PILT payments prior to June 30, 2007; Arizona's counties will receive a total of \$19 million. FY08 PILT payments are to be determined as Congress considers funding bills. New funding levels will be posted at <http://www.nbc.gov/pilt/pilt/search.cfm> when they are determined.

### **Expenditures**

- **Arizona Long-Term Care System (ALTCS) Charges**  
Counties are required to contribute a total of \$242,744,500 to ALTCS this year, a 3% increase over FY07. The amount includes \$791,400 to fund a new dental service to ALTCS members; the state contribution for ALTCS dental services was \$1,000,000 this fiscal year. (*HB2789: budget reconciliation; health and welfare*)
- **Arizona Health Care Cost Containment System (AHCCCS) Acute Care Charges**  
The legislature continued county ACUTE care contributions to AHCCCS at a total of \$51,098,200. (*HB2789: budget reconciliation; health and welfare*)
- **Arizona Health Care Cost Containment System (AHCCCS) Administration**  
County contributions to AHCCCS administrative costs total \$2,686,800 for FY08—an increase of 6.1% over FY07. The budget allows county payments to AHCCCS administration to be excluded from the county expenditure limit. (*HB2789: budget reconciliation; health and welfare*)
- **Disproportionate Uncompensated Care (DUC) Pool Charges**  
The legislature continues the charges for state general fund payments to AHCCCS in FY08. The mandated county contributions total \$2,646,200—the same amount as in previous fiscal years. The budget allows county payments to the DUC Pool to be excluded from the county expenditure limit. (*HB2789: budget reconciliation; health and welfare*)

## FY08 Summary of Estimated County Revenues and Expenditures

	<b>Air Quality Funding /1</b>	<b>FY06 ALTCS Refund /2</b>	<b>County Assistance Fund (Lottery)</b>	<b>HURF /3</b>	<b>Out-of- County Tuition Assistance</b>	<b>Prop. 204 Hold Harmless</b>	<b>State Shared Sales Tax /4</b>	<b>Summer Youth Employment /5</b>
<b>Apache</b>		\$ 13,782	\$ 550,035	\$ 10,750,877	\$ 559,200		\$5,268,000	\$ 13,629
<b>Cochise</b>		\$ 151,222	\$ 550,035	\$ 11,903,770			\$13,280,000	\$ 24,115
<b>Coconino</b>		\$ 41,349	\$ 550,035	\$ 13,661,873			\$18,886,000	\$ 24,383
<b>Gila</b>		\$ 79,713	\$ 550,035	\$ 5,680,898			\$5,632,000	\$ 10,306
<b>Graham</b>		\$ 25,226	\$ 550,035	\$ 3,672,363		\$ 234,200	\$3,568,000	\$ 6,624
<b>Greenlee</b>		\$ 3,315	\$ 550,035	\$ 1,239,120	\$ 459,300	\$ 234,400	\$5,340,000	\$ 1,673
<b>La Paz</b>		\$ 20,753	\$ 550,035	\$ 4,930,803		\$ 159,700	\$2,133,000	\$ 3,959
<b>Maricopa</b>	\$ 948,600	\$ 3,404,385	\$ 249,772	\$ 118,710,384			\$505,022,000	\$ 218,750
<b>Mohave</b>		\$ 191,916	\$ 550,035	\$ 16,307,067			\$23,112,000	\$ 32,363
<b>Navajo</b>		\$ 57,009	\$ 550,035	\$ 12,548,008			\$11,505,000	\$ 19,755
<b>Pima</b>	\$ 268,300	\$ 1,076,991	\$ 249,772	\$ 61,064,743		\$ 3,817,800	\$112,164,000	\$ 343,750
<b>Pinal</b>	\$ 87,000	\$ 253,401	\$ 550,035	\$ 22,351,547			\$26,509,000	\$ 37,404
<b>Santa Cruz</b>		\$ 54,961	\$ 550,035	\$ 4,623,660	\$ 181,500	\$ 214,800	\$5,169,000	\$ 7,745
<b>Yavapai</b>		\$ 195,465	\$ 550,035	\$ 16,387,636		\$ 164,700	\$28,118,000	\$ 35,044
<b>Yuma</b>		\$ 158,596	\$ 550,035	\$ 15,218,250			\$20,294,000	\$ 33,003
	<b>\$ 1,303,900</b>	<b>\$ 5,728,084</b>	<b>\$ 7,649,999</b>	<b>\$ 319,051,000</b>	<b>\$ 1,200,000</b>	<b>\$ 4,825,600</b>	<b>\$786,000,000</b>	<b>\$ 812,500</b>

/1 In addition, the Pima Association of Governments receives \$373,000 and Pima County receives a separate appropriation of \$165,000

/2 FY06 ALTCS refund will be received before the end of FY07.

/3 CSA calculations based upon estimates provided by the Arizona Department of Transportation

/4 Estimates provided by the Arizona Department of Revenue

NOTE: These numbers are slightly lower than estimates released in April

/5 Estimated revenues based on a 25% increase over FY07 distributions; may alter slightly due to population shifts in counties

## FY08 Summary of Estimated County Revenues and Expenditures

	<b>Forest Fees /6</b>	<b>PILT /7</b>	<b>ACUTE Care</b>	<b>Prop. 204 Administration /8</b>	<b>ALTCS /9</b>	<b>DUC Pool /8</b>
<b>Apache</b>	\$ 370,263	\$ 956,164	\$ (268,800)	\$ (88,600)	\$ (594,500)	\$ (87,300)
<b>Cochise</b>	\$ 93,125	\$ 1,236,526	\$ (2,214,800)	\$ (165,200)	\$ (5,444,200)	\$ (162,700)
<b>Coconino</b>	\$ 3,855,382	\$ 951,551	\$ (742,900)	\$ (162,900)	\$ (1,783,800)	\$ (160,500)
<b>Gila</b>	\$ 311,329	\$ 1,896,351	\$ (1,413,200)	\$ (66,900)	\$ (2,288,100)	\$ (65,900)
<b>Graham</b>	\$ 75,357	\$ 1,487,969	\$ (536,200)	\$ (47,600)	\$ (1,042,800)	\$ (46,800)
<b>Greenlee</b>	\$ 531,178	\$ 376,788	\$ (190,700)	\$ (12,200)	\$ (132,300)	\$ (12,000)
<b>La Paz</b>	\$ -	\$ 1,070,982	\$ (212,100)	\$ (25,300)	\$ (856,200)	\$ (24,900)
<b>Maricopa</b>	\$ 139,993	\$ 1,844,364	\$ (23,067,900)	\$ -	\$ (152,779,700)	\$ -
<b>Mohave</b>	\$ 836	\$ 1,935,970	\$ (1,237,700)	\$ (190,200)	\$ (7,988,900)	\$ (187,400)
<b>Navajo</b>	\$ 609,814	\$ 749,814	\$ (310,800)	\$ (124,700)	\$ (2,459,300)	\$ (122,800)
<b>Pima</b>	\$ 72,907	\$ 1,902,625	\$ (14,951,800)	\$ (1,133,000)	\$ (39,528,700)	\$ (1,115,900)
<b>Pinal</b>	\$ 46,869	\$ 858,776	\$ (2,715,600)	\$ (221,700)	\$ (10,974,800)	\$ (218,300)
<b>Santa Cruz</b>	\$ 79,646	\$ 570,905	\$ (482,800)	\$ (52,400)	\$ (1,822,600)	\$ (51,600)
<b>Yavapai</b>	\$ 870,389	\$ 1,323,147	\$ (1,427,800)	\$ (209,400)	\$ (8,591,700)	\$ (206,200)
<b>Yuma</b>	\$ -	\$ 1,936,291	\$ (1,325,100)	\$ (186,700)	\$ (6,456,900)	\$ (183,900)
	<b>\$ 7,057,088</b>	<b>\$ 19,098,223</b>	<b>\$ (51,098,200)</b>	<b>\$ (2,686,800)</b>	<b>\$ (242,744,500)</b>	<b>\$ (2,646,200)</b>

/6 Source: USDA Forest Service, Southwestern Region. Note: These amounts are FY07 appropriations; FY08 appropriations to be determined by Congress

/7 Source: U.S. Department of the Interior. Note: These amounts are FY07 appropriations, which will be distributed to counties before June 30. FY08 PILT appropriations to be determined by Congress

/8 Budget states that county contributions to Prop. 204 administration costs and the DUC Pool are excludable from the county expenditure limit

/9 Includes county contributions of \$791,400 for a new ALTCS dental coverage program

## HURF Revenue Estimates for FY08

Counties 19% Forecast HURF Distribution - \$ 264,055,000 /1  
 Counties 4.91% Forecast VLT Distribution - \$ 54,996,000

### DISTRIBUTION FACTORS /2

	<b>Fuel Factor (72%)</b>	<b>Unic. Pop. Factor (28%)</b>	<b>HURF Estimate</b>
<b>Apache</b>	0.02205	0.05087	\$ 10,750,877
<b>Cochise</b>	0.03417	0.04194	\$ 11,903,770
<b>Coconino</b>	0.04200	0.04403	\$ 13,661,873
<b>Gila</b>	0.01450	0.02268	\$ 5,680,898
<b>Graham</b>	0.00873	0.01561	\$ 3,672,363
<b>Greenlee</b>	0.00371	0.00414	\$ 1,239,120
<b>La Paz</b>	0.01815	0.01148	\$ 4,930,803
<b>Maricopa</b>	0.49546	0.19013	\$ 118,710,384
<b>Mohave</b>	0.04962	0.05331	\$ 16,307,067
<b>Navajo</b>	0.02702	0.05748	\$ 12,548,008
<b>Pima</b>	0.13505	0.27448	\$ 61,064,743
<b>Pinal</b>	0.05055	0.09882	\$ 22,351,547
<b>Santa Cruz</b>	0.01273	0.01709	\$ 4,623,660
<b>Yavapai</b>	0.04215	0.06495	\$ 16,387,636
<b>Yuma</b>	0.04411	0.05299	\$ 15,218,250
<b>Total</b>	1.00000	1.00000	\$ 319,051,000

### Notes:

/1 Based on November 2006 forecast for FY 2008. "Off the top" HURF distributions include the DPS and MVD transfers included in the state budget, as well as any additional shifts from HURF and the \$1 million to the Economic Strength Project Fund.

/2 Average fuel factor for Feb 06-Jan 07. Unincorporated population factors from the FY07 HURF distribution. HURF distribution to counties is based 72 percent on the fuel factor and 28 percent on the unincorporated population factor. VLT distribution to counties is based solely on the unincorporated population factor.

Individual estimates to counties could materially change due to changes in the distribution of gasoline gallonage.

**Estimated State Shared Sales Tax Revenue to Counties  
FY2007-2008**

	<b>FY07 DOR Estimated State Shared Sales Tax</b>	<b>FY08 DOR Estimated State Shared Sales Tax</b>	<b>\$ Change (compared to FY07 estimates)</b>	<b>% Change (compared to FY07 estimates)</b>
Apache	\$5,149,000	\$5,268,000	\$154,000	2.99%
Cochise	\$12,672,000	\$13,280,000	\$697,000	5.50%
Coconino	\$18,069,000	\$18,886,000	\$993,000	5.50%
Gila	\$5,374,000	\$5,632,000	\$335,500	6.24%
Graham	\$3,231,000	\$3,568,000	\$354,000	10.96%
Greenlee	\$3,775,000	\$5,340,000	\$1,621,000	42.94%
La Paz	\$2,096,000	\$2,133,000	\$52,500	2.50%
Maricopa	\$483,430,000	\$505,022,000	\$23,618,500	4.89%
Mohave	\$21,846,000	\$23,112,000	\$1,415,000	6.48%
Navajo	\$11,252,000	\$11,505,000	\$392,000	3.48%
Pima	\$107,400,000	\$112,164,000	\$5,409,000	5.04%
Pinal	\$24,433,000	\$26,509,000	\$2,309,500	9.45%
Santa Cruz	\$4,828,000	\$5,169,000	\$376,000	7.79%
Yavapai	\$26,877,000	\$28,118,000	\$1,432,000	5.33%
Yuma	\$19,568,000	\$20,294,000	\$840,000	4.29%
	<b>\$750,000,000</b>	<b>\$786,000,000</b>	<b>\$39,999,000</b>	<b>5.33%</b>

This estimate corresponds to Department of Revenue collections that will occur between July 1, 2007 and June 30, 2008.

NOTE: These numbers are slightly lower than estimates released in April.