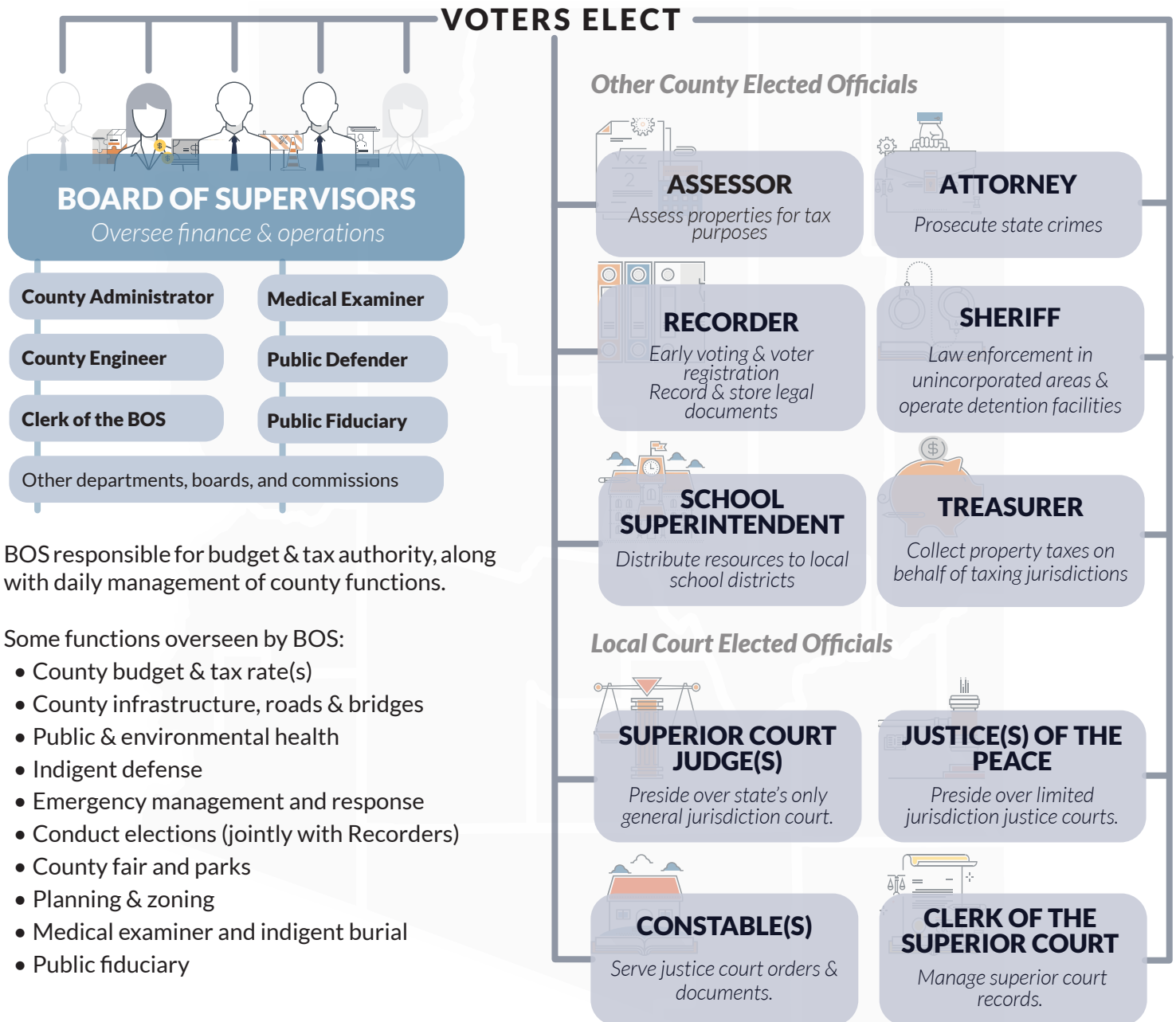


County Government Overview

Structure & Key Functions

Counties and county elected offices are established in the Arizona Constitution. The roles and responsibilities of each elected office, along with the 15 counties' boundaries are outlined in statute. Voters independently elect all county officers and some county-level judges. As administrative arms of the state, counties provide state mandated services at a regional level and provide city-like services in unincorporated areas.



Major State Agency-County Partnerships

COURTS

- Independent branch of government
- Funded jointly by state & counties

INDIGENT HEALTHCARE

- Counties contribute \$400M+ annually to state long-term & acute care programs
- Counties no longer have an administrative role in AHCCCS

EMERGENCY RESPONSE

- DEMA & County Emergency Management
- Minimize the loss of life & property during emergencies & disasters through planning, coordination, outreach, & recovery services.

ENVIRONMENTAL & PUBLIC HEALTH

- Implementing delegated authorities from ADHS & ADEQ
- Contact tracing, vaccine distribution
 - Air quality, restaurant inspection

County Government Overview

Financial Structure

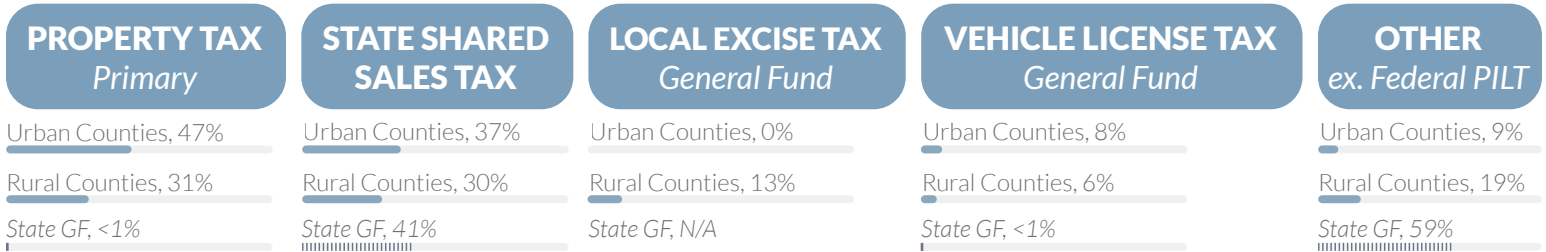
The county financial structure is outlined in state statute and has several statutory and constitutional limitations on how fast both revenues and expenditures can grow. The Board of Supervisors is responsible for managing the county budget and setting the tax rate, and is ultimately the entity responsible to the voters for county finances.

REVENUE STRUCTURE

GENERAL FUND

County general fund revenues are made up of the following sources, although the reliance on each revenue source varies widely across all 15 counties. While all counties use the state tax base set in statute, industry type and strength of the tax base is different across the state.

average % of FY 2022 GF revenue numbers may not sum to 100% due to rounding

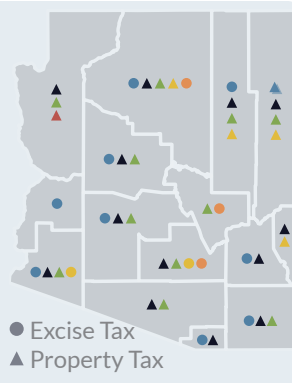


SPECIAL DISTRICTS & TAXES

State statute provides counties the ability to establish several special taxing districts to fund specific county operations. These funds are siloed and generally cannot be spent for purposes outside of the district. Not all counties are able to create each type of district.

County special districts controlled by BOS:

- Jail District/Excise Tax
- Public Health District
- Library District
- Road Excise Tax
- Flood Control District
- TV District



TRANSPORTATION FUNDING

% of FY 2021 local transportation funding



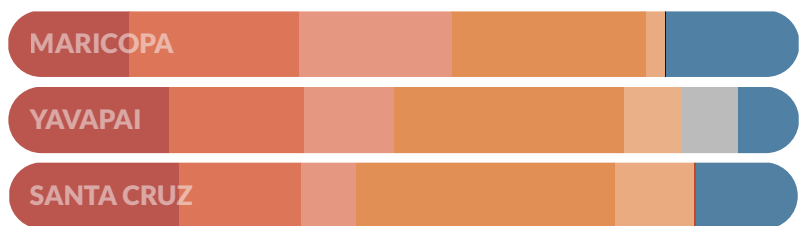
Counties maintain their local roadways primarily from state shared revenues **HURF** and **VLT**. Some counties also have a voter-approved **excise tax for roads** (separate from regional transportation authorities).

EXPENDITURES

Counties are in the “must do” business of providing essential government services to their communities.

Most county expenditures go towards **public safety, courts & criminal justice**, along with other state mandates, like contributions to the **state’s healthcare system** and other **general government services** provided by county elected officials.

% of FY 2022 GF expenditures



LIMITS ON COUNTY FINANCE

Counties have limitations both on how much revenue they can generate and their level of expenditures. These restrictions, along with increasing cost drivers, put pressure on county budgets, which are required to be balanced. Once adopted, counties cannot exceed their total adopted budget, even in case of emergencies.

EXPENDITURE LIMITATIONS

A constitutional limit that restricts growth in spending of local revenues to the 1980 level adjusted for inflation and population growth.

LEVY LIMITS

A constitutional limit that sets a maximum primary property tax rate. Levy limit increases annually by 2% plus new additions to the tax roll.

CAPPED SALES TAX RATES

County sales tax rates have statutory maximums, typically 0.5%, and unlike other jurisdictions counties do not have the authority to levy sales taxes other than those set in statute.

