

## Arizona Department of Administration

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 BASELINE
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	689.7	528.1	528.1
Personal Services	25,127,800	29,215,000	29,215,000
Employee Related Expenditures	10,093,600	12,081,800	12,081,800
Professional and Outside Services	4,686,600	5,430,000	5,430,000
Travel - In State	308,600	318,200	318,200
Travel - Out of State	39,600	49,900	49,900
Other Operating Expenditures	33,577,900	28,989,400	28,989,400
Equipment	4,053,900	2,921,300	2,921,300
<b>OPERATING SUBTOTAL</b>	<b>77,887,900</b>	<b>79,005,600</b>	<b>79,005,600</b>
<b>SPECIAL LINE ITEMS</b>			
<b>Facilities Management</b>			
Utilities	6,962,600	8,275,600	8,275,600
<b>Financial Services</b>			
County Attorney Immigration Enforcement	1,213,200	1,213,200	1,213,200
ENSCO	1,436,400	0	0
Named Claimants	198,300	0	0
White Mountain Apache Water Rights Settlement	0	2,000,000	0
<b>Human Resources</b>			
Human Resources Information Solution COP	5,550,600	3,319,600	0
<b>Information Technology Services</b>			
Automation Projects	0	28,100,000	20,000,000
Public Safety Communications	504,000	531,500	531,500
Statewide Information Security and Privacy Office	835,300	857,800	857,800
<b>Risk Management</b>			
Federal Transfer Repayment	5,921,900	0	0
Risk Management Administrative Expenses	5,112,400	8,746,100	8,746,100
Risk Management Losses and Premiums	37,639,300	44,691,200	44,691,200
Workers' Compensation Losses and Premiums	29,409,200	30,955,200	30,955,200
<b>Support Services</b>			
State Surplus Property Sales Proceeds	1,192,300	1,260,000	1,260,000
<b>Other</b>			
Ch. 34 One-Time COSF	613,300	0	0
<b>AGENCY TOTAL</b>	<b>174,476,700<sup>1/</sup></b>	<b>208,955,800<sup>2/</sup></b>	<b>195,536,200</b>
<b>FUND SOURCES</b>			
General Fund	15,133,400	30,230,300	31,430,300
<u>Other Appropriated Funds</u>			
Air Quality Fund	621,800	714,100	714,100
Automation Operations Fund	16,531,300	22,930,100	18,730,100
Capital Outlay Stabilization Fund	16,139,800	17,878,700	17,878,700
Corrections Fund	416,600	558,300	558,300
Federal Surplus Materials Revolving Fund	90,800	451,600	451,600
Information Technology Fund	2,726,000	4,644,500	3,144,500
Motor Vehicle Pool Revolving Fund	9,463,400	10,041,300	10,041,300
Personnel Division Fund	14,969,300	14,420,800	11,101,200
Risk Management Revolving Fund	90,231,500	91,919,200	91,919,200
Special Employee Health Insurance Trust Fund	4,020,800	5,136,700	5,136,700
State Surplus Materials Revolving Fund	2,277,300	2,375,000	2,375,000
State Web Portal Fund	183,600	5,850,000	250,000
Telecommunications Fund	1,671,100	1,805,200	1,805,200
SUBTOTAL - Other Appropriated Funds	159,343,300	178,725,500	164,105,900
<b>SUBTOTAL - Appropriated Funds</b>	<b>174,476,700</b>	<b>208,955,800</b>	<b>195,536,200</b>

	FY 2012 ACTUAL	FY 2013 ESTIMATE	FY 2014 BASELINE
Other Non-Appropriated Funds	863,517,200	822,118,500	956,876,900
Federal Funds	7,810,900	9,102,900	4,071,000
<b>TOTAL - ALL SOURCES</b>	<b>1,045,804,800</b>	<b>1,040,177,200</b>	<b>1,156,484,100</b>

**AGENCY DESCRIPTION** — The department provides centralized general support services to state agencies, including accounting, financial, purchasing, building and grounds maintenance, personnel, information technology, motor pool, travel reduction, and risk management services.

**Operating Budget**

The Baseline includes \$79,005,600 and 521.1 FTE Positions in FY 2014 for the operating budget. These amounts consist of:

	<b>FY 2014</b>
General Fund	\$9,059,900
Air Quality Fund	714,100
Automation Operations Fund	18,730,100
Capital Outlay Stabilization Fund (COSF)	10,228,800
Corrections Fund	558,300
Federal Surplus Materials Revolving Fund	451,600
Information Technology Fund	2,286,700
Motor Vehicle Pool Revolving Fund	10,041,300
Personnel Division Fund	11,101,200
Risk Management Revolving Fund	7,526,700
Special Employee Health Insurance Trust Fund	5,136,700
State Surplus Materials Revolving Fund	1,115,000
State Web Portal Fund	250,000
Telecommunications Fund	1,805,200

These amounts are unchanged from FY 2013.

**Facilities Management**

**Utilities**

The Baseline includes \$8,275,600 in FY 2014 for Utilities. This amount consists of:

General Fund	625,700
COSF	7,649,900

These amounts are unchanged from FY 2013.

This line item funds utility charges, including electric, water, gas, and garbage disposal, for state-owned buildings.

<sup>1/</sup> Includes a total of \$265,700 GF and \$1,068,600 OF appropriated in FY 2012 for costs associated with an additional pay period. These expenditures were not reflected in the individual agency tables in the *FY 2012 Appropriations Report*.  
<sup>2/</sup> In addition to these amounts, the FY 2013 General Appropriation Act included one-time FY 2013 adjustments for a state employee health insurance premium holiday and employee retention payments. The adjustments include a reduction of \$(76,700) GF for the premium holiday and an increase of \$234,000 GF and \$913,100 OF for the employee retention payment.

**Financial Services**

**County Attorney Immigration Enforcement**

The Baseline includes \$1,213,200 from the General Fund in FY 2014 for County Attorney Immigration Enforcement. This amount is unchanged from FY 2013.

This line item is for distribution to county attorneys and county sheriffs for the purpose of enforcement of Title 23, Chapter 2, Article 2, Arizona Revised Statutes which prohibits an employer from knowingly employing unauthorized immigrants and general enforcement of immigration related matters.

A General Appropriation Act footnote specifies that of the \$1,213,200 appropriated to this line item:

- \$200,000 shall be distributed to the county attorney of a county with a population of 2,000,000 or more persons.
- \$500,000 shall be distributed to the county sheriff of a county with a population of 2,000,000 or more persons.
- In addition, subject to prior approval by the Joint Legislative Budget Committee, the remaining monies may be distributed to county attorneys and county sheriffs of counties with populations of less than 2,000,000 persons.

In FY 2012 and FY 2013, ADOA did not request committee approval prior to distributing the remaining funds due to an oversight. ADOA distributed the non-Maricopa County funding proportionately by population. (*Please see the Footnotes section.*)

Laws 2012, Chapter 346 states that monies distributed to the Apache County Attorney's Office shall indefinitely be used to represent the interests of the people of Arizona and Apache County for legal action against the United States

Forest Service for the destruction of endangered species habitat in Arizona caused by the lack of forest thinning and forage fuel removal activities.

### ***White Mountain Apache Settlement***

The Baseline includes no funding from the General Fund in FY 2014 for the White Mountain Apache Tribe's water rights settlement. FY 2014 adjustments would be as follows:

#### **Elimination of One-Time Funding                      GF     (2,000,000)**

The Baseline includes a decrease of \$(2,000,000) from the General Fund in FY 2014 for the elimination of one-time funding. The state's obligation related to the settlement of the White Mountain Apache Tribe's water rights claims was a one-time expenditure made in FY 2013.

This line item funded an obligation which becomes effective on receipt of notice by the Executive Director of the Arizona Legislative Council from the Department of Water Resources that the Secretary of the United States Department of Interior has issued a Record of Decision approving the construction of the White Mountain Apache Tribe rural water system. The monies are exempt from lapsing requirements.

### ***Human Resources***

#### ***Human Resources Information Solution COP***

The Baseline includes no funding from the Personnel Division Fund in FY 2014 for the Human Resources Information Solution (HRIS) Certificate of Participation (COP). FY 2014 adjustments would be as follows:

#### **Expiration of COP                      OF     (3,319,600) Lease-Purchase**

The Baseline includes a decrease of \$(3,319,600) from the Personnel Division Fund in FY 2014 for the expiration of the HRIS COP lease-purchase. The lease-purchase payments for HRIS end in FY 2013.

This line item funded semi-annual payments made on the \$35,000,000 12-year COP issued to fund HRIS.

### ***Information Technology Services***

#### ***Automation Projects***

The Baseline includes \$20,000,000 from the General Fund in FY 2014 for Automation Projects. FY 2014 adjustments would be as follows:

#### **Prior Appropriation                      GF     3,200,000**

The Baseline includes an increase of \$3,200,000 from the General Fund in FY 2014 to reflect a prior year appropriation. The FY 2013 General Appropriation Act (Laws 2012, Chapter 294, Section 124) appropriated \$20,000,000 in FY 2014 from the General Fund for automation projects, an increase from the \$16,800,000 in FY 2013.

#### **Elimination of One-Time Funding                      OF     (11,300,000)**

The Baseline includes a decrease of \$(11,300,000) from other appropriated funds in FY 2014 to eliminate one-time funding for Automation Projects. This amount consists of:

Automation Operations Fund	(4,200,000)
Information Technology Fund	(1,500,000)
State Web Portal Fund	(5,600,000)

These monies are deposited into the Automation Projects Fund, which is administered by the department.

In addition to the FY 2013 and FY 2014 funding, the FY 2013 General Appropriation Act (Laws 2012, Chapter 294, Section 124) appropriated \$20,000,000 in FY 2015 and \$23,000,000 in FY 2016 from the General Fund for deposit in the Automation Projects Fund.

The Government Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 298) established the Automation Projects Fund, which consists of monies appropriated by the Legislature. Once deposited into the fund, the monies are not subject to further appropriation. The fund is exempt from lapsing.

Monies in the fund are to be used to implement, upgrade or maintain automation and information technology projects for any state agency. The primary project is expected to be the replacement of the state's financial accounting system.

#### ***Public Safety Communications***

The Baseline includes \$531,500 and 4 FTE Positions from the General Fund in FY 2014 for Public Safety Communications. These amounts are unchanged from FY 2013.

The Public Safety Communications Program designs and implements a standard based system that provides interoperability between statewide public safety agencies.

Radio interoperability allows public safety personnel from one agency to communicate with personnel from other agencies.

**Statewide Information Security and Privacy Office**

The Baseline includes \$857,800 and 3 FTE Positions from the Information Technology Fund in FY 2014 for the Statewide Information Security and Privacy Office. These amounts are unchanged from FY 2013.

The office performs strategic planning, policy development, and risk assessment to protect the state’s information resources.

**Risk Management**

**Federal Transfer Payment**

The Baseline includes no funding from the Risk Management Fund in FY 2014 for payment to the federal government. Laws 2012, Chapter 294, Section 107 included a FY 2012 supplemental appropriation of \$10,400,000 to refund a portion of certain fund balances to the federal government. In prior fiscal years, the state had transferred the balances of certain funds to the General Fund. If federal monies had been deposited into these funds, the federal government requires that the state pay back a proportional share of the fund transfers to the federal government. The \$10,400,000 is available only for the state’s obligations for FY 2010 and FY 2011 transfers. (Please see Other Issues for Legislative Consideration section for more information.)

**Risk Management Administrative Expenses**

The Baseline includes \$8,746,100 from the Risk Management Revolving Fund in FY 2014 for Risk Management Administrative Expenses. This amount is unchanged from FY 2013.

This line item funds financial and actuarial analyses, relevant investigations, and related travel. This line item also funds legal representation from outside the Office of the Attorney General.

**Risk Management Losses and Premiums**

The Baseline includes \$44,691,200 from the Risk Management Revolving Fund in FY 2014 for Risk Management Losses and Premiums. This amount is unchanged from FY 2013.

This line item represents estimated payments for liability and property settlements, medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures. (Please see Other Issues for Legislative Consideration section for more information.)

**Workers’ Compensation Losses and Premiums**

The Baseline includes \$30,955,200 from the Risk Management Revolving Fund in FY 2014 for Workers’ Compensation Losses and Premiums. This amount is unchanged from FY 2013.

This line item accounts for the state’s liability in workplace injuries. The funding represents payments for workers’ compensation beneficiaries, hospital and medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

**Support Services**

**State Surplus Property Sales Proceeds**

The Baseline includes \$1,260,000 from the State Surplus Materials Revolving Fund in FY 2014 for State Surplus Property Sales Proceeds. This amount is unchanged from FY 2013.

This line item separates surplus sales proceeds returned to agencies from the division’s operating budget. The surplus property yard returns 90% of sales proceeds to the agency from which the property originated. The yard retains 10% of the proceeds to fund its operations.

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**FORMAT** — Operating Lump Sum with Special Line Items by Agency

**FOOTNOTES**

*Standard Footnotes*

The department may collect an amount not to exceed \$1,762,600 from other funding sources, excluding Federal Funds, to recover pro rata costs of operating AFIS II.

Of the \$1,213,200 appropriated to the County Attorney Immigration Enforcement line item, \$200,000 shall be distributed to the county attorney of a county in this state having a population of 2,000,000 or more persons for the purpose of enforcing Title 23, Chapter 2, Article 2, Arizona Revised Statutes, and \$500,000 shall be distributed to the county sheriff of a county in this state having a population of 2,000,000 or more persons for the purpose of enforcing Title 23, Chapter 2, Article 2, Arizona Revised Statutes. Subject to the prior approval of the Joint Legislative Budget Committee, the remaining monies may be distributed to county attorneys and county sheriffs of counties with populations of less than 2,000,000 persons for the purpose of enforcing Title 23, Chapter 2, Article 2, Arizona Revised Statutes. This appropriation is exempt from the provisions of A.R.S. § 35-190, relating to

lapsing of appropriations. The appropriated monies may be spent in the sole discretion of the county attorney or county sheriff to whom the monies are distributed for the purpose of enforcing Title 23, Chapter 2, Article 2, Arizona Revised Statutes, without any further approval or other action by the county board of supervisors of the county. EACH COUNTY SHALL SUBMIT AN ANNUAL REPORT TO THE DEPARTMENT OF ADMINISTRATION BY OCTOBER 1 ON THE ACTUAL USE OF FUNDS IN THE PREVIOUS FISCAL YEAR AND THE PROJECTED USE OF FUNDS IN THE CURRENT FISCAL YEAR. THE DEPARTMENT OF ADMINISTRATION SHALL REPORT TO THE DIRECTORS OF THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING AND THE JOINT LEGISLATIVE BUDGET COMMITTEE BY NOVEMBER 1 ON THE USE OF THESE FUNDS.

All State Surplus Materials Revolving Fund revenues received by the Department of Administration in excess of \$2,375,000 in FY 2014 are appropriated to the department. Before the expenditure of State Surplus Materials Revolving Fund receipts in excess of \$2,375,000 in FY 2014, the Department of Administration shall report the intended use of monies to the Joint Legislative Budget Committee.

The amounts appropriated for the State Employee Transportation Service Subsidy shall be used for up to a 50% subsidy of charges payable for transportation service expenses as provided in A.R.S. § 41-786, of nonuniversity state employees in a vehicle emissions control area as defined in A.R.S. § 49-541, of a county with a population of more than 400,000 persons.

The appropriation for the Automation Operations Fund is an estimate representing all monies, including balance forward, revenue and transfers during FY 2014. These monies are appropriated to the Department of Administration for the purposes established in A.R.S. § 41-711. The appropriation shall be adjusted as necessary to reflect receipts credited to the Automation Operations Fund for Automation Operation Center projects. Before the expenditure of any Automation Operations Fund revenues in excess of \$18,730,100 in FY 2014, the Department of Administration shall report the intended use of monies to the Joint Legislative Budget Committee.

It is the intent of the Legislature that the department not replace vehicles until an average of 120,000 miles or more.

**OTHER ISSUES FOR LEGISLATIVE CONSIDERATION**

***Health Insurance Trust Fund***

The Health Insurance Trust Fund (HITF) is used to administer state employee health insurance benefit plans. Funding consists of employer and employee medical and dental insurance contributions. At the end of FY 2011, HITF had a balance of \$229,000,000. The FY 2013

General Appropriation Act (Laws 2012, Chapter 294) included several measures to reduce the HITF balance.

The FY 2013 General Appropriation Act required a health insurance premium holiday that would generate \$25,000,000 in General Fund savings in FY 2013. After accounting for non-General Fund and employee savings, ADOA estimates the holiday will reduce total fund revenues by \$62,200,000.

The FY 2013 General Appropriation Act also required a \$30,000,000 transfer from the HITF balance to the General Fund. Some of the HITF revenues come from Federal Funds. As a result, the federal government requires that they receive a refund as well, known as a federal financial participation (FFP) repayment, when HITF monies are transferred to the General Fund. In FY 2013, ADOA is expected to make a \$4,900,000 FFP repayment for a prior year transfer.

Despite both of the balance reduction measures, HITF is expected to have a fund balance of \$363,400,000 at the end of FY 2014. After adjusting for expenses which are incurred but not received and a sufficient reserve for unexpected costs, it is estimated that \$80,000,000 to \$100,000,000 could potentially be transferred from HITF. Information on HITF receipts, expenses and fund balances are displayed in *Table 1*.

	<b>Estimated FY 2013</b>	<b>Estimated FY 2014</b>
Beginning Balance	\$328.5	\$315.0
Receipts	792.5	792.4
Premium Holiday	<u>(62.2)</u>	<u>0</u>
<i>Net Receipts</i>	730.3	792.4
Expenses	708.9	744.0
FFP Repayment <sup>1/</sup>	4.9	0
Transfer	<u>30.0</u>	<u>0</u>
<i>Net Expenses</i>	743.8	744.0
<b>HITF Ending Balance</b>	<b>\$315.0</b>	<b>\$363.4</b>

<sup>1/</sup> Does not reflect the FFP repayment for FY 2013.

***Risk Management Fund***

ADOA's Risk Management division annually levies a charge on all state agencies to provide funding to pay the state's property and liability losses and workers compensation losses, and to purchase insurance coverage for losses not covered under our self-insured limits. The revenue generated from the charges to agencies is deposited in the Risk Management Fund. Property and

liability losses, along with workers compensation losses, comprise the majority of Risk Management Fund expenditures.

In recent years, Risk Management expenditures have been significantly lower than fund revenue. Even with transfers of Risk Management monies to other agencies and transfers to the General Fund to help balance the budget, the fund has consistently had an ending balance of approximately \$50,000,000.

Table 2 depicts actual balance, revenue, and expenditure information for FY 2012 as well as the estimated amounts for FY 2013 and FY 2014. ADOA estimates that the ADOA-related expenditures (claims and administrative costs) would be considerably more than what was spent in FY 2012, resulting in significant decreases to the balance in FY 2013 and FY 2014. Due to the unpredictable nature of the Risk Management program, ADOA tends to estimate future expenditures above historical spending levels. Table 2 also includes adjusted expenditure estimates for FY 2013 and FY 2014, which are closer to historical spending levels. Under these adjusted estimates, the balance would be \$56,000,000 in FY 2013 and \$54,000,000 in FY 2014.

As a result of the large balance in the Risk Management Fund, monies from the fund have been used to support other agencies in recent years. The use of the funding has typically been in circumstances where the lack of funding would result in potential liability to the state. Risk Management funds have been used to pay for State Land Department operations, Department of Public Safety (DPS) disaster recovery planning, DPS-Capitol Police salaries, and Arizona Navigable Streams Adjudication Commission litigation costs. *(Please see the next issue on Federal Financial Participation Repayment for more information.)*

The FY 2014 Baseline shifts funding for DPS disaster recovery planning from the Risk Management Fund to the Automation Operations Fund. *(Please see the Department of Public Safety agency section for more information.)*

The Risk Management Fund has been used to fund the operating expenses of the State Land Department since FY 2012 when the Arizona Court of Appeals ruled that the department could no longer use a 10% commission on the proceeds from the sale of State Trust land for the department's operating expenses. On January 9, 2013, the Arizona Supreme Court upheld the Arizona Court of Appeals ruling. As a result, the JLBC Baseline shifts \$10,747,400 in State Land Department funding from the Risk Management Fund to the General Fund in FY 2014. *(Please see State Land Department Other Issues for Legislative Consideration section for more information.)*

	<u>Actual</u> <u>FY 2012</u>	<u>Estimated</u> <u>FY 2013</u>	<u>Estimated</u> <u>FY 2014</u>
<b>Beginning Balance</b>	59,487.8	53,651.5	43,062.5
<b>Revenues</b>	<u>105,723.5</u>	<u>104,884.4</u>	<u>104,236.9</u>
<i>Total Funds Available</i>	<i>165,211.3</i>	<i>158,535.9</i>	<i>147,299.4</i>
<b>Expenditures</b>			
ADOA	75,230.0	93,910.2	92,704.2
Other Agencies	20,202.7	21,563.2	10,815.8 <sup>1/</sup>
Legislative Transfers	<u>16,127.1</u>	-	-
<i>Total Expenditures</i>	<i>111,559.8</i>	<i>115,473.4</i>	<i>103,520.0</i>
<b>Ending Balance</b>	<b>53,651.5</b>	<b>43,062.5</b>	<b>43,779.4</b>
<b>Spending Adjustment <sup>2/</sup></b>		(13,000.0)	(13,000.0)
<b>Adjusted Expenditures</b>		102,473.4	90,520.0
<b>Revised Balance</b>	<b>53,651.5</b>	<b>56,062.5</b>	<b>69,779.4</b>

<sup>1/</sup> Incorporates shifting \$10,747,400 of State Land Department funding from the Risk Management Fund to the General Fund in FY 2014.

<sup>2/</sup> Would reduce projected expenditures closer to historical spending levels.

In addition to funding other agencies, the balance was used to refund a portion of certain fund balances to the federal government in FY 2012.

#### **Federal Financial Participation Repayment**

As part of its budget balancing, the state transferred monies from several ADOA funds in FY 2009 through FY 2012. The federal government contributed to several of those funds. For example, the state's Risk Management Fund is funded from charges to state agencies. These agencies may use Federal Funds to pay their charge. If part of the fund balance is transferred to the General Fund, the federal government bills the state to have a proportionate share of the fund balance paid back to the federal government.

The federal government also does not allow the use of Federal Funds to pay state agency charges in certain circumstances. In 3 circumstances, the federal government objected to the use of monies in these state charge funds:

- The Attorney General (AG) pro rata charge, which billed state agencies based on a percentage of payroll to fund AG activities. In response to this, the FY 2013 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2012 Chapter 302) eliminated the AG pro rata charge and replaced it with a charge that cannot be paid from Federal Funds.

- The use of Risk Management Funds to pay for State Land Department operations, DPS disaster recovery planning, DPS-Capitol Police salaries, and Navigable Streams Adjudication Commission litigation costs.
- Certain uses of the state Information Technology pro rata charge, which is funded as a percentage of state agency payroll expenses.

Based on prior experiences of federal repayment and estimates provided by ADOA, the federal government is likely to charge the state approximately \$3,950,000 for fund transfers and disallowed spending of federal monies in FY 2012. As of this writing, however, the state has yet to be billed by the federal government for these disallowed activities in FY 2012. When the state is billed, the Legislature may want to consider the use of the Risk Management Fund for payment. *(Please see the Risk Management Fund discussion in the Other Issues for Legislative Consideration section.)*

The \$3,950,000 repayment is comprised of:

- \$2,000,000 for certain fund balances being transferred to the General Fund.
- \$1,000,000 for the disallowed use of the Risk Management Fund monies.
- \$950,000 for the use of the Attorney General (AG) and Information Technology (IT) pro rata charges.

ADOA was appropriated \$10,400,000 from the Risk Management Fund in FY 2012 to pay for disallowed transfers and expenditures made in FY 2010 and FY 2011. ADOA used approximately \$5,900,000 of the appropriation to repay the federal government in FY 2012 plus another \$3,000,000 during FY 2013.

#### **Telecommunications Fund**

In 2003, the Legislature mandated the privatization of telecommunication services for all state agencies and branch offices, excluding state universities and community colleges (Laws 2003, Chapter 263). The result was the implementation of the state's telecommunications network, known as AZNet 1, administered by Accenture, with an original 5-year cost of \$145,000,000. The Accenture contract lasted nearly 6.5 years, expiring in January of 2012. AZNet 1 was followed by a temporary contract with Black Box Network Services to provide minimal telecommunications services during a transitional period to AZNet 2, the state's current telecommunications network. AZNet 2 was implemented in September 2012, is administered by CenturyLink, and has a 5-year cost of \$119,000,000.

The billing function of AZNet 2 is administered by Telesoft, a third party Telecommunications Expense Management (TEM) provider. Telesoft aggregates an agency's various bills, including CenturyLink and other service providers, as well as an amount for the Arizona Strategic Enterprise Technology Office (ASET). Each agency pays Telesoft directly but the monies collected for

ASET (equal to an additional 6.1% above an agency's telecommunications service charge) are deposited into ADOA's Telecommunications Fund to operate the Enterprise Infrastructure and Communications Program (EIC), as established in A.R.S. § 41-712. EIC is tasked with management and oversight of statewide contracts for telecommunications products and services.

#### **Human Resource Division Request - Pro Rata Charge**

Pursuant to A.R.S. § 41-750, state agencies are required to pay a pro rata share of their overall payroll to fund the State Personnel Board and the Human Resources Division (HRD). Currently, the pro rata charge is 1.10%, where 0.03% of total payroll funds the State Personnel Board and the remaining 1.07% funds the HRD. In FY 2014, ADOA is recommending lowering the total rate to 0.98%, where 0.03% of total payroll funds the State Personnel Board and the remaining 0.95% funds the HRD.

Several factors will potentially permit the pro rata charge to be reduced. First, more agencies will be charged the pro rata assessment in FY 2014, increasing HRD's revenue base. Laws 2012, Chapter 321, the omnibus personnel bill, expanded ADOA's personnel system to cover an additional 7 state agencies. The 7 agencies are:

- Department of Gaming
- Governor's Office
- Governor's Office of Strategic Planning and Budgeting
- Public Safety Personnel Retirement System
- Arizona State Retirement System
- Secretary of State
- Office of Tourism

A second component of the potential reduction to the pro rata charge is lower expenditure requirements. The Human Resources Information Solution (HRIS) Certificate of Participation (COP) ends in FY 2013, resulting in a Baseline reduction to FY 2014 expenditure requirements of \$(3,319,600).

In proposing a 0.98% rate, however, ADOA has also incorporated upward budget adjustments. ADOA is requesting \$2,282,500 to enhance the oversight capabilities of HRD, promote greater accountability of supervisors, and cover the implementation and ongoing maintenance costs for various automated systems. This increase is over and above the \$2,000,000 added to HRD's FY 2013 budget to implement the Chapter 321 provisions.

If the Legislature elects not to fund the additional request of \$2,282,500, the pro rata charge could be reduced further. Since the level of the pro rata charge will depend on this legislative decision, the FY 2014 JLBC Baseline has not yet incorporated any change to the rate.

In addition to determining the pro rata charge and the HRD spending level, the Legislature will also need to determine whether to fund the pro rata charge for the 7 agencies paying this charge for the first time. The total estimated annual cost to these 7 agencies from all fund sources is approximately \$400,000. Chapter 321 did not provide this funding to those agencies. While originally scheduled to begin collecting the charge from these agencies in October 2012, ADOA has delayed implementation.

As a result, the JLBC Staff suggests that the Legislature consider retroactively delaying the payment by these 7 agencies until the beginning of FY 2014. At that time, the

Legislature can determine whether to fund the pro rata charge for the 7 agencies or require them to absorb the additional cost.

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Administration - AFIS II Collections Fund (ADA4203/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Financial transaction processing fees.		
<b>Purpose of Fund:</b> To operate the Arizona Financial Information System (AFIS) II.		
<b>Funds Expended</b>	1,351,600	1,732,000
<b>Year-End Fund Balance</b>	1,437,700	1,437,700
<b>Air Quality Fund (ADA2226/A.R.S. § 49-551)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Annual air quality and emissions fees assessed on motor vehicle registrations, as well as legislative appropriations.		
<b>Purpose of Fund:</b> To administer a travel reduction program, as defined by A.R.S. § 49-588, including bus ride subsidies for state employees.		
<b>Funds Expended</b>	621,800	714,100
<b>Year-End Fund Balance</b>	0	0
<b>Automation Operations Fund (ADA4230/A.R.S. § 41-711)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Charges to agencies and other political entities for information technology products and services. The fund has continuously appropriated sub-accounts for agreements made with other states and the Arizona Health Care Cost Containment System.		
<b>Purpose of Fund:</b> To provide agencies and other political entities data processing and information technology consulting services and to maintain the integrity and security of state information. The FY 2013 expenditure estimate includes a transfer of \$4,200,000 into the Automation Projects Fund.		
<b>Funds Expended</b>	16,531,300	22,930,100
<b>Year-End Fund Balance</b>	9,322,900	9,313,700
<b>Automation Projects Fund (ADA2566/A.R.S. § 41-714)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies appropriated by the Legislature.		
<b>Purpose of Fund:</b> To implement, upgrade, or maintain automation and information technology projects for any state agency. To prevent double counting, the FY 2013 expenditure estimate does not include \$16,800,000 from the General Fund, \$1,500,000 from the Information Technology Fund, \$4,200,000 from the Automation Operations Fund, and \$5,600,000 from the State Web Portal Fund.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Rental and tenant improvement charges to agencies occupying Arizona Department of Administration (ADOA) owned buildings.		
<b>Purpose of Fund:</b> To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.		
<b>Funds Expended</b>	16,139,800	17,878,700
<b>Year-End Fund Balance</b>	11,716,200	4,963,100
<b>Certificate of Participation Fund (ADA5005/A.R.S. § 41-791.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Rental and tenant improvement charges to agencies occupying buildings under Certificate of Participation (COP) lease-purchase agreements.		
<b>Purpose of Fund:</b> To make COP lease-purchase payments on buildings under such agreements.		
<b>Funds Expended</b>	98,926,300	111,679,000
<b>Year-End Fund Balance</b>	2,141,700	1,466,800

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Construction Insurance Fund (ADA4219/A.R.S. § 41-622)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Risk management charges to agencies for state construction projects. The construction and design insurance rate is set by ADOA and reviewed by the Joint Committee on Capital Review.		
<b>Purpose of Fund:</b> To self-insure state construction projects against tort losses from design and construction defects.		
<b>Funds Expended</b>	1,155,400	2,225,100
<b>Year-End Fund Balance</b>	7,308,100	8,883,000
<b>Co-Op State Purchasing Agreement Fund (ADA4213/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Annual subscription fees paid by local governments for state purchasing records, fees paid by individuals for copies of public records, and fees paid by vendors participating in the State Contract Show.		
<b>Purpose of Fund:</b> To provide microfiche of state purchasing information to local governments, as well as to reproduce public records for local governments and the public.		
<b>Funds Expended</b>	2,726,000	2,982,100
<b>Year-End Fund Balance</b>	1,095,500	1,113,400
<b>Corrections Fund (ADA2088/A.R.S. § 41-1641)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Luxury taxes on alcohol and tobacco products.		
<b>Purpose of Fund:</b> To pay for construction, major maintenance, lease, purchase, renovation, or conversion of Arizona Department of Corrections (ADC) and Arizona Department of Juvenile Corrections (ADJC) facilities. ADOA uses these monies to oversee construction projects benefiting ADC or ADJC.		
<b>Funds Expended</b>	416,600	558,300
<b>Year-End Fund Balance</b>	8,111,400	7,539,200
<b>Electronic Commerce Fund (ADA2482/A.R.S. § 41-2673)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, agency repayments, and 10% of any savings generated through the implementation of electronic commerce initiatives using fund monies.		
<b>Purpose of Fund:</b> To partially finance agency electronic commerce initiatives where other funding mechanisms do not exist.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Emergency Telecommunication Services Revolving Fund (ADA2176/A.R.S. § 41-704)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The telecommunication services excise tax, currently 20¢ per wire or wireless account, levied on monthly telephone bills and remitted by telephone companies, as authorized by A.R.S. § 42-5252. Laws 2012, Chapter 198 establishes a tax equal to 0.8% of the gross income derived from the retail sale of prepaid wireless telecommunication services, effective December 31, 2013.		
<b>Purpose of Fund:</b> To aid the political subdivisions of the state in implementing and operating emergency telecommunication services (911); to purchase necessary equipment and consulting services (up from 3% to 5% of revenue beginning September 30, 2009); to pay monthly recurring costs for capital, maintenance, and operations; and to reimburse wireless carriers for the costs of compliance.		
<b>Funds Expended</b>	15,935,900	18,455,600
<b>Year-End Fund Balance</b>	2,591,200	783,800
<b>Employee Related Expenditures/Benefits Administration Fund (ITA3035/A.R.S. § 38-651.05)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> State employer and state employee premium contributions for vision, flexible spending, disability, life, and accident insurance.		
<b>Purpose of Fund:</b> To administer state employee benefit plans and pay non-health insurance premiums.		
<b>Funds Expended</b>	35,794,700	30,117,900
<b>Year-End Fund Balance</b>	3,111,100	3,076,400

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Federal Grants (ADA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants, including pass through grants from the several agencies.		
<b>Purpose of Fund:</b> To pay for security related equipment and programs, as well as to administer monies as sub-grantee for federal projects. This fund includes monies transferred from the Government Information Technology Agency (GITA) to ADOA and excludes monies transferred to the Department of Public Safety (DPS) from ADOA for Capitol Police as required by the Consolidation Budget Reconciliation Bill (BRB) (Laws 2011, Chapter 27).		
<b>Funds Expended</b>	2,414,500	2,001,600
<b>Year-End Fund Balance</b>	265,600	255,300
<b>Federal Grants - American Recovery and Reinvestment Act (ARRA) (ADA2999/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
<b>Purpose of Fund:</b> One-time Federal Funds to be used for the installation of solar panels in the Phoenix and Tucson complexes, the implementation of the statewide Health Information Exchange (HIE), and broadband development. This fund includes monies transferred from GITA to ADOA as required by the Consolidation BRB (Laws 2011, Chapter 27).		
<b>Funds Expended</b>	5,396,400	7,101,300
<b>Year-End Fund Balance*</b>	(106,200)	(106,100)
<b>Federal Surplus Materials Revolving Fund (ADA4215/A.R.S. § 41-2606)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Federal surplus property service and handling fees.		
<b>Purpose of Fund:</b> To collect, store, and administer the sale of federal surplus property. Federal regulations concerning the disposition of federal surplus property cap the year-end balance of this fund at \$50,000. When the fund exceeds this cap, the department must discount its service and handling charges for federal surplus materials transferred to agencies in the following fiscal year.		
<b>Funds Expended</b>	90,800	451,600
<b>Year-End Fund Balance*</b>	79,000	(280,600)
<b>IGA and ISA Fund (ADA2500/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Various intergovernmental and interagency service agreements.		
<b>Purpose of Fund:</b> To execute various intergovernmental and interagency service agreements. This fund includes monies transferred to ADOA from the Department of Commerce for the Office of Employment and Population Statistics as required by the General Government BRB (Laws 2011, Chapter 34). This fund excludes monies transferred to DPS from ADOA for Capitol Police as required by the Consolidation BRB (Laws 2011, Chapter 27).		
<b>Funds Expended</b>	4,919,800	5,253,700
<b>Year-End Fund Balance</b>	1,858,000	1,033,200
<b>Information Technology Fund (ADA2152/A.R.S. § 41-3505)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A pro rata share of 0.2% of total payroll, charged to all budget units subject to GITA or the Information Technology Authorization Committee (ITAC) oversight.		
<b>Purpose of Fund:</b> Provides personnel funding for statewide information technology planning, coordinating, oversight, and consulting. The Statewide Strategic Information Technology Plan is prepared annually by Information Technology (IT) Fund personnel with input from state agency Chief Information Officers. Additionally, monies from the IT Fund also support the operation of the Statewide Information Security and Privacy Office (SISPO). This fund includes monies transferred from GITA to ADOA as required by the Consolidation BRB (Laws 2011, Chapter 27). The FY 2013 expenditure estimate includes a transfer of \$1,500,000 into the Automation Projects Fund.		
<b>Funds Expended</b>	2,726,000	4,644,500
<b>Year-End Fund Balance</b>	1,867,300	602,800
<b>Legislative, Executive, and Public Buildings Land Fund (ADA3127/A.R.S. § 37-525)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> State trust land lease revenues.		
<b>Purpose of Fund:</b> To support state Legislative, Executive, and Judicial buildings. In FY 2005, to construct a new Library and Archives Building.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	1,926,400	1,926,400

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Management Services Division Plan Deposits Fund (ADA3196/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Deposits for blueprints, paid by construction vendors and bidders.		
<b>Purpose of Fund:</b> To reimburse blueprint deposits.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Monument and Memorial Repair Fund (ADA2338/A.R.S. § 41-1365)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Monies derived from fundraising activities, monies that are collected by the proponents of a monument or memorial, grants, donations, and legislative appropriations.		
<b>Purpose of Fund:</b> For the maintenance, repair, reconditioning, or relocation of monuments or memorials and for supporting mechanical equipment in the Governmental Mall.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Motor Vehicle Pool Revolving Fund (ADA4204/A.R.S. § 41-804)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Charges to agencies for the use of motor pool vehicles.		
<b>Purpose of Fund:</b> To operate the motor vehicle pool.		
<b>Funds Expended</b>	9,463,400	10,041,300
<b>Year-End Fund Balance*</b>	1,016,600	(88,700)
<b>Payroll Administration Fund (ADA9200/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Collects and pays out all monies associated with the statewide payroll functions. Fund 9200 incorporates several payroll funds (ADA9220, ADA9230, NAU9202, UAA9203, and ASU9221). Fund 9230 collects a one-time \$50 charge for setting up a garnishment, which is granted by the court, a \$5 employee fee for each non-exempt statement that is generated per payday, and a \$1 administrative fee for child and spousal support orders.		
<b>Purpose of Fund:</b> Generally, revenues and expenditures are not used for normal payroll activities. The only balance that accumulates in this fund is for Unemployment Tax. For Fund 9230, monies are used for administrative costs related to garnishments and child support.		
<b>Funds Expended</b>	106,800	142,900
<b>Year-End Fund Balance</b>	5,710,600	5,732,700
<b>Personnel Division Fund (ADA1107/A.R.S. § 41-764)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A 1.07% (permanent law) charge on the total payroll of each agency within the ADOA personnel system.		
<b>Purpose of Fund:</b> To operate the ADOA Human Resources Division.		
<b>Funds Expended</b>	14,969,300	14,420,800
<b>Year-End Fund Balance</b>	1,227,100	2,353,100
<b>Privatized Lease-To-Own Fund (ADA2495/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Charges to agencies occupying privatized lease-to-own (PLTO) buildings.		
<b>Purpose of Fund:</b> To operate, maintain, and make annual rent payments on PLTO buildings.		
<b>Funds Expended</b>	12,312,500	12,580,100
<b>Year-End Fund Balance</b>	807,300	828,800
<b>Racing Investigation Fund (ADA2369/A.R.S. § 41-705)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Monies collected from persons, partnerships, associations, or corporations that hold a permit for a racing meeting under Title 5.		
<b>Purpose of Fund:</b> To cover the cost of racing investigations by the Arizona Department of Racing. The fund is administered by ADOA and disbursements are made pursuant to instructions from the Director of the Department of Racing.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Retiree Accumulated Sick Leave Fund (ADA3200/A.R.S. § 38-616)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A 0.40% charge on the total benefit-eligible payroll of each agency within the ADOA personnel system. By statute, the rate may not exceed 0.55% and is set by ADOA with Joint Legislative Budget Committee review.		
<b>Purpose of Fund:</b> To compensate eligible retiring state employees for accumulated sick leave, to pay insurance premiums, and to administer the program. Payments are calculated as a percentage, tiered according to accrual level of hourly salary. Payments to 1 individual shall not exceed \$30,000.		
<b>Funds Expended</b>	12,234,800	12,250,100
<b>Year-End Fund Balance</b>	3,157,900	3,607,800
<b>Risk Management Revolving Fund (ADA4216/A.R.S. § 41-622)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Actuarial charges assessed to all state agencies, boards, and commissions insured under the state's risk management system, as well as recoveries by the state through litigation.		
<b>Purpose of Fund:</b> To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits. This fund excludes monies appropriated to DPS for Capitol Police salary adjustments in FY 2012. The Capitol Police were transferred to DPS from ADOA as required by the Consolidation BRB (Laws 2011, Chapter 27).		
<b>Funds Expended</b>	90,231,500	91,919,200
<b>Year-End Fund Balance</b>	63,886,700	74,680,900
<b>Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> Employer and employee medical and dental insurance contributions.		
<b>Purpose of Fund:</b> To administer and pay premiums and claims for state employee health insurance plans, as well as to operate the Wellness and Communications program. Only administrative expenditures from this fund are subject to legislative appropriation.		
<b>Appropriated Funds Expended</b>	4,020,800	5,136,700
<b>Non-Appropriated Funds Expended</b>	676,581,900	622,816,500
<b>Year-End Fund Balance</b>	328,536,200	291,335,900
<b>Special Events Fund (ADA2503/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Set-up fees for special events on state property.		
<b>Purpose of Fund:</b> To set up special events on state property.		
<b>Funds Expended</b>	1,200	14,500
<b>Year-End Fund Balance</b>	26,700	27,200
<b>Special Services Revolving Fund (ADA4208/A.R.S. § 35-193)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Payments by agencies using various centralized printing, copying, and repair services offered by ADOA.		
<b>Purpose of Fund:</b> To provide supplies, printing, copying, repair, and other office services for state agencies.		
<b>Funds Expended</b>	748,100	801,500
<b>Year-End Fund Balance</b>	177,400	140,800
<b>State Employee Suggestion Program Award Fund (ADA3190/A.R.S. § 38-613)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Savings transferred from appropriated or non-appropriated monies in a budget unit where cost saving is realized. Monies are not transferred from the General Fund.		
<b>Purpose of Fund:</b> To award state employees for a special act in the public interest or for an adopted idea resulting in state savings or improved operations. The award may not exceed 10% of the amount saved as a result of the suggestion. Up to \$50 per award may be used to purchase recognition materials and up to 6% of fund monies may be used to administer the program.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>State Employee Travel Reduction Fund (ADA2261/A.R.S. § 41-101.03)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Grants by the Maricopa Association of Governments, the State Travel Reduction Planning Office, and the Arizona Department of Environmental Quality.		
<b>Purpose of Fund:</b> To operate and administer a ride-sharing program for the transportation of state employees between home and work.		
<b>Funds Expended</b>	481,100	643,100
<b>Year-End Fund Balance</b>	340,700	232,600
<b>State Surplus Materials Revolving Fund (ADA4214/A.R.S. § 41-2606)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> State surplus property sales revenues.		
<b>Purpose of Fund:</b> To collect, store, and administer the sale of state surplus property. The majority of revenues are returned to donor agencies. The department retains a service and handling fee.		
<b>Funds Expended</b>	2,277,300	2,375,000
<b>Year-End Fund Balance</b>	584,800	745,400
<b>State Web Portal Fund (ADA2531/A.R.S. § 41-3506)</b>		<b>Partially-Appropriated</b>
<b>Source of Revenue:</b> Grants, donations, and web portal revenues, including any fees collected from the sale of certain types of motor vehicle records to commercial customers, less the contractor's price of maintaining and operating the web portal.		
<b>Purpose of Fund:</b> To maintain and upgrade the state's common web portal, including enhancement of existing products and the development of new applications. Monies received from private grants or donations, as well as federal grants, are non-appropriated. In FY 2012, this fund was transferred from GITA to ADOA as required by the Consolidation BRB (Laws 2011, Chapter 27). The FY 2013 expenditure estimate includes a transfer of \$5,600,000 into the Automation Projects Fund.		
<b>Appropriated Funds Expended</b>	183,600	5,850,000
<b>Non-Appropriated Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	318,500	62,800
<b>Statewide ARRA Administration SWCAP Fund (GVA2950/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Indirect federal cost recoveries associated with the statewide cost allocation plan (SWCAP).		
<b>Purpose of Fund:</b> To defray administrative expenses of implementing the federal American Recovery and Reinvestment Act. These funds were transferred to ADOA from the Governor's Office in FY 2012.		
<b>Funds Expended</b>	218,400	330,000
<b>Year-End Fund Balance</b>	1,324,200	994,200
<b>Statewide Donations Fund (ADA2025/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Employee donations and other miscellaneous deposits. In FY 2005, a \$1,000,000 grant for wireless emergency telecommunications was deposited into this fund.		
<b>Purpose of Fund:</b> Employee donations are used to recognize outstanding employees. The \$1,000,000 grant received in FY 2005 is to be used for Geographic Information Systems and mapping support in the development of Wireless Phase II deployment in counties that have already deployed Wireless Phase I.		
<b>Funds Expended</b>	22,700	94,400
<b>Year-End Fund Balance</b>	196,700	112,300
<b>Statewide E-Rate Program Fund (ADA2584/A.R.S. § 41-3508)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> The fund has 3 revenue sources: 1) monies received pursuant to the E-Rate Program under the Telecommunications Act of 1996 or other grants to assist this state in improving broadband internet and telecommunications access for public schools and libraries in this state, 2) monies received as a result of an intergovernmental agreements between ADOA and other political subdivisions of this state, and 3) monies received from private grants and donations if designated for the fund by the grantor or donor.		
<b>Purpose of Fund:</b> To assist public school districts, charter schools, and libraries in submitting applications for funding from the Universal Service Administrative Company (USAC). ADOA may enter into contracts with private organizations and intergovernmental agreements with other state agencies and political subdivisions of this state to administer the Statewide E-Rate Program. In FY 2012, this fund transferred from the GITA to the ADOA as required by the Consolidation BRB (Laws 2011, Chapter 27).		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2012 Actual	FY 2013 Estimate
<b>Telecommunications Fund (ADA4231/A.R.S. § 41-713)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Administrative surcharges on telecommunications services for agencies and other political entities. Additionally in FY 2006, a transfer of \$927,500 from the Technology and Telecommunications Fund, as stipulated by Laws 2005, Chapter 330.		
<b>Purpose of Fund:</b> To operate the Telecommunications Program Office, which manages and oversees statewide contracts for telecommunications products and services. The state's contractors operate and equip telecommunications voice, data, video, and graphics systems, allowing the collection, storage, interchange, retrieval, and transmission of information.		
<b>Funds Expended</b>	1,671,100	1,805,200
<b>Year-End Fund Balance</b>	911,500	777,800
<b>Telecommunications Fund - Infrastructure Improvements Account (ADA4231B/A.R.S. § 35-142)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> A portion of the rate charged to the state for telecommunications services.		
<b>Purpose of Fund:</b> To replace end-of-life voice and data equipment in state facilities.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0

\*As reported by the agency. Actual ending balance will not be negative.