

Arizona Department of Administration

	FY 2013 ACTUAL	FY 2014 ESTIMATE	FY 2015 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	528.1	508.1	508.1
Personal Services	26,336,600	30,046,100	30,046,100
Employee Related Expenditures	9,874,700	11,771,700	11,771,700
Professional and Outside Services	4,938,700	11,759,400	11,759,400
Travel - In State	215,900	316,600	316,600
Travel - Out of State	20,000	41,800	41,800
Other Operating Expenditures	36,299,300	27,956,900	27,956,900
Equipment	3,090,700	4,538,300	4,538,300
OPERATING SUBTOTAL	80,775,900	86,430,800	86,430,800
SPECIAL LINE ITEMS			
Facilities Management			
Utilities	7,892,500	8,275,600	8,275,600
Financial Services			
County Attorney Immigration Enforcement	1,152,200	1,213,200	1,213,200
Named Claimants	283,700	0	0
White Mountain Apache Water Rights Settlement	2,000,000	0	0
Human Resources			
Human Resources Information Solution COP	3,319,600	0	0
Information Technology Services			
Public Safety Communications	456,000	549,700	549,700
Statewide Information Security and Privacy Office	690,600	871,700	871,700
Risk Management			
Federal Transfer Payment	3,727,200	0	0
Risk Management Administrative Expenses	5,769,000	8,746,100	8,746,100
Risk Management Losses and Premiums	26,956,900	45,656,200	45,656,200
Workers' Compensation Losses and Premiums	25,802,200	30,955,200	30,955,200
Support Services			
State Surplus Property Sales Proceeds	1,444,900	1,260,000	1,260,000
AGENCY TOTAL	160,270,700	183,958,500	183,958,500
FUND SOURCES			
General Fund	13,662,700	11,694,300	11,694,300
<u>Other Appropriated Funds</u>			
Air Quality Fund	641,400	927,100	927,100
Automation Operations Fund	17,167,100	19,108,000	19,108,000
Capital Outlay Stabilization Fund	16,859,500	18,070,700	18,070,700
Corrections Fund	449,800	572,900	572,900
Federal Surplus Materials Revolving Fund	86,500	464,100	464,100
Information Technology Fund	2,643,100	3,232,300	3,232,300
Motor Vehicle Pool Revolving Fund	8,878,700	10,155,800	10,155,800
Personnel Division Fund	14,304,700	12,898,700	12,898,700
Risk Management Revolving Fund	72,229,200	93,072,200	93,072,200
Special Employee Health Insurance Trust Fund	9,056,600	5,259,200	5,259,200
State Surplus Materials Revolving Fund	2,462,600	2,399,600	2,399,600
State Web Portal Fund	220,100	4,250,000	4,250,000
Telecommunications Fund	1,608,700	1,853,600	1,853,600
SUBTOTAL - Other Appropriated Funds	146,608,000	172,264,200	172,264,200
SUBTOTAL - Appropriated Funds	160,270,700	183,958,500	183,958,500
Other Non-Appropriated Funds	792,378,200	732,989,900	902,514,700
Federal Funds	6,112,400	4,164,900	2,253,000
TOTAL - ALL SOURCES	958,761,300	921,113,300	1,088,726,200

AGENCY DESCRIPTION — The Arizona Department of Administration (ADOA) 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 \$86,430,800 and 501.1 FTE Positions in FY 2015 for the operating budget. These amounts consist of:

	FY 2015
General Fund	\$9,305,700
Air Quality Fund	927,100
Automation Operations Fund	19,108,000
Capital Outlay Stabilization Fund (COSF)	10,420,800
Corrections Fund	572,900
Federal Surplus Materials Revolving Fund	464,100
Information Technology Fund	2,360,600
Motor Vehicle Pool Revolving Fund	10,155,800
Personnel Division Fund	12,898,700
Risk Management Revolving Fund	7,714,700
Special Employee Health Insurance Trust Fund	5,259,200
State Surplus Materials Revolving Fund	1,139,600
State Web Portal Fund	4,250,000
Telecommunications Fund	1,853,600

FY 2015 adjustments would be as follows:

AFIS FTE Realignment OF 0

The Baseline includes a decrease of (20) FTE Positions from ADOA’s operating budget in FY 2014 and FY 2015. These FTE Positions are funded from the Automation Projects Fund for the replacement of the state’s financial and accounting system, the Arizona Financial Information System (AFIS). As a result, these FTE Positions are displayed in the Arizona Department of Administration - Automation Projects Fund section. *(Please see the Automation Projects Fund page for more details.)*

Facilities Management

Utilities

The Baseline includes \$8,275,600 in FY 2015 for Utilities. This amount consists of:

General Fund	625,700
COSF	7,649,900

These amounts are unchanged from FY 2014.

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

Financial Services

County Attorney Immigration Enforcement

The Baseline includes \$1,213,200 from the General Fund in FY 2015 for County Attorney Immigration Enforcement. This amount is unchanged from FY 2014.

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.
- 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. FY 2013 distributions were not approved by JLBC due to an oversight.
- In addition, the footnote requires that each county shall submit an annual report to ADOA by October 1, 2014 on the actual use of the monies in the previous year and the projected use of the monies in the current year. ADOA is required to report to JLBC and OSPB on the use of these monies by November 1, 2014.

ADOA reported 4 main outcomes from its FY 2013 distribution:

1. 16 County Sheriffs’ and Attorneys’ Offices, for a total amount of \$169,500, either did not spend the funds or returned them to ADOA.
2. 11 offices, for a total amount of \$901,400, spent the funds investigating and enforcing employer sanctions laws, primarily by funding personal services, employee benefits, travel expenses and other related costs.
3. 2 offices, for a total amount of \$135,100, will or have used the funds to purchase technological equipment

such as new computers, tracking equipment and communication tools.

4. 1 office, for a total amount of \$7,100, spent the funds to educate local businesses and community members about employer sanctions laws.

(Please see Other Issues for Legislative Consideration for more information.)

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.

Information Technology Services

Public Safety Communications

The Baseline includes \$549,700 and 4 FTE Positions from the General Fund in FY 2015 for Public Safety Communications. These amounts are unchanged from FY 2014.

The Public Safety Communications Program designs and implements a standard-based system that provides interoperability between statewide public safety agencies, and is administered by the Public Safety Communication Advisory Commission (PSCC).

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 \$871,700 and 3 FTE Positions from the Information Technology Fund in FY 2015 for the Statewide Information Security and Privacy Office. These amounts are unchanged from FY 2014.

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 2015 for payment to the federal government. Laws 2013, 1st Special Session, Chapter 1, Section 105 included an FY 2013 supplemental

appropriation of \$3,727,300 from the Risk Management Fund to repay a portion of certain disallowed costs and fund transfers to the federal government. This amount consists of:

- \$618,400 for disallowed costs relating to Attorney General legal services.
- \$341,400 for disallowed costs relating to statewide Information Technology charges.
- \$2,767,500 for fund transfers prior to FY 2013.

In order to receive Federal Funds, the state enters into a contractual obligation with the federal government which restricts the use of these Federal Funds. If the state then uses these funds in restricted ways, the federal government requires that the state pay back a proportional share of these funds. *(Please see Other Issues for Legislative Consideration for more information.)*

Risk Management Administrative Expenses

The Baseline includes \$8,746,100 from the Risk Management Revolving Fund in FY 2015 for Risk Management Administrative Expenses. This amount is unchanged from FY 2014.

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 \$45,656,200 from the Risk Management Revolving Fund in FY 2015 for Risk Management Losses and Premiums. This amount is unchanged from FY 2014.

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.

Workers' Compensation Losses and Premiums

The Baseline includes \$30,955,200 from the Risk Management Revolving Fund in FY 2015 for Workers' Compensation Losses and Premiums. This amount is unchanged from FY 2014.

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 2015 for State Surplus Property Sales Proceeds. This amount is unchanged from FY 2014.

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 on or before October 1, 2014 on the actual use of funds in the previous fiscal year and the projected use of monies 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 on or before November 1, 2014 on the use of these monies.

All State Surplus Materials Revolving Fund revenues received by the Department of Administration in excess of the \$2,399,600 in FY 2015 are appropriated to the department. Before the expenditure of State Surplus Materials Revolving Fund receipts in excess of \$2,399,600 in FY 2015, 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. § 41-710.01, of non-university 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 2015. 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 \$19,108,000 in FY 2015, 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

Automation Projects

The Baseline includes \$32,633,000 from the Automation Projects Fund in FY 2015 for automation and information technology projects at ADOA. This amount consists of:

AFIS Replacement

The Baseline includes \$26,533,000 from the Automation Projects Fund in FY 2015 for the third year of a 4-year project to replace the state's financial and accounting system.

ASET Initiatives

The Baseline includes \$6,100,000 from the Automation Projects Fund in FY 2015 to fund personnel and Information Technology projects continued from FY 2014 at the Arizona Strategic Enterprise Technology (ASET) office in ADOA.

(Please see the Department of Administration - Automation Projects Fund section for details regarding these information technology projects.)

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 2013, HITF had a balance of \$324,600,000. Recent budgets have included a number of measures to reduce the HITF balance.

	Estimated FY 2014	Estimated FY 2015
Beginning Balance	\$324.6	\$297.7
Receipts	\$817.5	\$824.5
Expenses	\$757.9	\$828.6
FFP Repayment ^{1/}	12.9	0.0
Transfer	<u>73.5</u>	<u>0.0</u>
Net Expenses	\$844.3	\$828.6
HITF Ending Balance	\$297.7 ^{2/}	\$293.6

^{1/} Represents an estimated payment not yet authorized by the Legislature.
^{2/} Does not add due to rounding.

The FY 2014 General Appropriation Act (Laws 2013, 1st Special Session, Chapter 1) requires a \$68,000,000 transfer from the HITF balance to the General Fund. Some of the HITF revenues are generated 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. While not yet authorized by the Legislature, the FFP payment in FY 2014 is estimated to be \$12,900,000.

In addition to the \$68,000,000 transfer to the General Fund, Chapter 1 required a \$5,496,000 transfer to the Automation Projects Fund to replace the state’s financial and accounting system. (Please see the ADOA - Automation Projects Fund page.)

In FY 2015, ADOA projects medical expenditures will increase by 9.7%, raising overall expenses to \$828,600,000. Included in this amount are 2 taxes from the Federal Affordable Care Act. The Patient-Centered Outcomes Research Trust Fee is a \$2 per member fee which will fund comparative effectiveness research at the Patient-Centered Outcomes Research Institute. This fee is estimated to cost \$223,200 in FY 2015. The reinsurance fee, a transitional fee to stabilize the individual market when high cost claimants are able to purchase insurance without being charged a higher rate due to pre-existing conditions, is \$63 per member and is expected to cost \$6,500,000 in FY 2015.

Despite the FY 2014 and previous balance reduction measures, HITF is expected to have a fund balance of \$293,600,000 at the end of FY 2015. After adjusting for expenses which are incurred but not received and a sufficient reserve, it is estimated that \$75,000,000 could potentially be transferred from HITF. Information on HITF receipts, expenses and fund balances are displayed in Table 1.

Risk Management Revolving 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 Revolving Fund. Property and liability losses, along with workers’ compensation losses, comprise the majority of Risk Management Revolving 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.

	Actual FY 2013	Estimated FY 2014	Estimated FY 2015
Beginning Balance	51,739.0	61,651.3	44,859.7
Revenues	<u>106,982.0</u>	<u>103,706.2</u>	<u>103,706.2</u>
<i>Total Funds Available</i>	158,721.0	165,357.5	148,565.9
Expenditures			
ADOA	68,502.0	93,072.2	93,072.2
Other Agencies	20,895.2	25,657.4 ^{1/}	10,639.4
Legislative Transfers	-	736.2	-
Federal Repayment	3,727.2	-	-
Admin Adjustment	<u>3,945.3</u>	<u>1,032.0</u>	<u>-</u>
<i>Total Expenditures</i>	97,069.7	120,497.8	103,711.6
Ending Balance	61,651.3	44,859.7	44,854.3
Spending Adjustment ^{2/}	-	(15,000.0)	(15,000.0)
Adjusted Expenditures	-	105,497.8	88,711.6
Revised Balance	61,651.3	59,859.7	74,854.3

^{1/} Incorporates shifting \$10,986,600 of State Land Department funding from the Risk Management Revolving Fund to the General Fund in FY 2014.
^{2/} Would reduce projected expenditures closer to historical spending levels.

Table 2 depicts actual balance, revenue, and expenditure information for FY 2013 as well as the estimated amounts for FY 2014 and FY 2015. ADOA estimates that the ADOA-related expenditures (claims and administrative costs) would be considerably more than what was spent in FY 2013, resulting in significant decreases to the balance in FY 2014 and FY 2015. 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 2014 and FY 2015, which are closer to historical spending levels. Under these adjusted estimates, the balance would be \$59.9 million in FY 2014 and \$74.9 million in FY 2015.

As a result of the large balance in the Risk Management Revolving 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.

In addition to funding other agencies, the balance was used to refund a portion of certain fund balances to the federal government in FY 2014. *(Please see the Federal Transfer Payment Section above, and the Federal Financial Participation Repayment Section below for more information.)*

Federal Financial Participation Repayment

In order to receive Federal Funds, the state enters into a contractual obligation with the federal government which restricts some uses of these Federal Funds. If the state then uses these funds in restricted ways, the federal government requires that the state pay back a proportional share of these funds.

Fund Transfers

As part of its budget balancing, the state transferred monies from several ADOA funds in FY 2009 through FY 2012 to the General Fund. The federal government contributed to several of those funds. For example, the state's Risk Management Revolving 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.

Disallowed Costs

The federal government does not allow the use of Federal Funds to pay state agency charges in certain circumstances. For example, the state's oversight of Information Technology (IT) projects is funded by an assessment charged to each agency as a percentage of

payroll expenses. The federal government disallows the use of Federal Funds to be spent on this oversight, because the costs to administer oversight are charged proportionately to all agencies, and are not based on a fee-for-service model.

FY 2013

In FY 2013, the federal government charged the state \$8,831,300 for fund transfers and disallowed spending of federal monies in FY 2012. This amount consists of:

- \$5,104,100 from the Special Employee Health Insurance Trust Fund (HITF) for FY 2012 transfers to the General Fund.
- \$3,727,200 for disallowed costs relating to Attorney General legal services, statewide IT charges, and fund transfers prior to FY 2013.

The FY 2013 General Appropriation Act appropriated funding from HITF in FY 2013 to settle with the federal government any debts incurred due to HITF transfers to the General Fund in FY 2012. As a result, ADOA negotiated with the U.S. Department of Health and Human Services (HHS) and agreed to repay \$5,104,100 from HITF to settle these debts.

The FY 2014 General Appropriation Act included an FY 2013 supplemental appropriation of \$3,727,300 from the Risk Management Revolving Fund to refund a portion of certain disallowed costs and fund transfers to the federal government. This amount consists of:

- \$618,400 for disallowed costs relating to Attorney General legal services.
- \$341,400 for disallowed costs relating to the statewide IT charges.
- \$2,767,500 for fund transfers prior to FY 2013.

(Please see the Federal Transfer Payment SLI above for more information.)

FY 2014

Based on prior experiences of federal repayment and estimates provided by ADOA, the federal government is likely to charge the state approximately \$6,010,800 for restricted use of Federal Funds, as follows:

- \$5,297,700 related to FY 2013 and FY 2014 fund transfers from 7 different funds.
- \$713,100 for disallowed costs related to Attorney General legal service charges in FY 2013, and statewide IT charges in FY 2013 and FY 2014.

This amount does not include fund transfers from the Special Employee Health Insurance Trust Fund (HITF). FY 2013 and FY 2014 fund transfers from HITF are estimated to result in the federal government billing the state for an additional \$12,862,500 for their proportionate share.

Electronic Transaction Reporting

The JLBC Staff recommends the elimination of an electronic transaction reporting requirement pursuant to A.R.S. § 35-142. Currently, agencies that accept credit cards as payment for services must report to the Governor, ADOA, and the JLBC annually by October 1, on the number of transactions, the number of electronic transactions, the total dollar amount of transactions processed, the total dollar amount on any discount fee, the total dollar amount of any processing fee, and the total dollar amount of any convenience fee charged, deducted or paid for the transaction. Further, if the percentage of electronic transactions comprises more than 30% of the total amount of transactions processed, then the agency must submit a cost-benefit report, including costs of convenience fees, the amount of revenue generated and any realized cost savings. Given that electronic transactions are now more generally cost-effective than non-electronic transactions, this reporting requirement has become outdated and would be deleted.

County Attorney Immigration Enforcement

In FY 2013 and FY 2014, a total of \$1,213,200 was appropriated from the General Fund for County Attorney Immigration Enforcement. ADOA has reported that, in FY 2013, 16 County Sheriffs’ and Attorneys’ Offices, for a total amount of \$169,500, either did not spend these funds

or returned them to ADOA due to a lack of complaints regarding employer sanctions violations. FY 2014 and FY 2015 distributions could be adjusted to reflect the fact that a portion of this money was unused or returned to ADOA.

There are 3 possible options, as follows:

1. Appropriate less funding in FY 2015, and adjust FY 2014 distributions, to exclude those County Attorneys’ and Sheriffs’ Offices which did not use their funding. This option would result in an annual General Fund savings of \$(169,500).
2. Redistribute the unused funds to the other County Attorneys’ and Sheriffs’ Offices based on population (excluding Maricopa County, whose amounts are specified in a General Appropriation Act footnote). This option would result in no annual savings, and the majority of the unused funds, an estimated 79%, would be redistributed to Pima and Pinal Counties.
3. Make the unused funds available to those County Attorneys’ and Sheriffs’ Offices that may have additional needs when enforcing employer sanctions laws through a grants-based program. This option would result in no annual savings.

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Administration - AFIS II Collections Fund (ADA4203/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Financial transaction processing fees.		
Purpose of Fund: To operate the Arizona Financial Information System (AFIS) II.		
Funds Expended	996,700	2,810,000
Year-End Fund Balance	2,166,000	1,088,000
Air Quality Fund (ADA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Annual air quality and emissions fees assessed on motor vehicle registrations, as well as legislative appropriations.		
Purpose of Fund: To administer a travel reduction program, as defined by A.R.S. § 49-588, including bus ride subsidies for state employees.		
Funds Expended	641,400	927,100
Year-End Fund Balance*	(697,200)	(1,629,400)
Anti-Racketeering Fund (ADA2131/A.R.S. § 13-2314.01)		Non-Appropriated
Source of Revenue: Any prosecution and investigation costs recovered for the state as a result of enforcement of civil and criminal statutes pertaining to any racketeering offense. Includes \$2.2 million of federal anti-racketeering funds, originally awarded to DPS which have been subsequently transitioned to ADOA for the Public Safety Interoperability Communications Office.		
Purpose of Fund: Provides funding to ADOA’s Public Safety Interoperability Communications Office for expanding standards-based P25 communications capability along the southern border.		
Funds Expended	75,300	49,400
Year-End Fund Balance	49,400	0

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Automation Operations Fund (ADA4230/A.R.S. § 41-711)		Appropriated
Source of Revenue: 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.		
Purpose of Fund: To provide agencies and other political entities data processing and information technology consulting services and to maintain the integrity and security of state information. Expenditures include a transfer into the Automation Projects Fund of \$4,200,000 in FY 2013 and \$8,130,000 in FY 2014. <i>(See the Automation Projects Fund page for more details.)</i>		
Funds Expended	17,167,100	19,108,000
Transfer to Automation Projects Fund	4,200,000	8,130,000
Year-End Fund Balance	11,541,200	9,191,700
Capital Outlay Stabilization Fund (ADA1600/A.R.S. § 41-792.01)		Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying Arizona Department of Administration (ADOA) owned buildings.		
Purpose of Fund: To pay maintenance, utilities, construction, and administrative costs for state-owned buildings.		
Funds Expended	16,859,500	18,070,700
Year-End Fund Balance	15,130,000	1,615,100
Certificate of Participation Fund (ADA5005/A.R.S. § 41-791.02)		Non-Appropriated
Source of Revenue: Rental and tenant improvement charges to agencies occupying buildings under Certificate of Participation (COP) lease-purchase agreements.		
Purpose of Fund: To make COP lease-purchase payments on buildings under such agreements. To prevent double counting, FY 2013 and FY 2014 expenditures exclude \$108.2 million and \$115.6 million, respectively.		
Funds Expended	0	0
Year-End Fund Balance	8,830,600	3,752,100
Construction Insurance Fund (ADA4219/A.R.S. § 41-622)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: To self-insure state construction projects against tort losses from design and construction defects.		
Funds Expended	1,245,200	2,992,400
Year-End Fund Balance	8,845,200	8,831,300
Co-Op State Purchasing Agreement Fund (ADA4213/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: To provide microfiche of state purchasing information to local governments, as well as to reproduce public records for local governments and the public.		
Funds Expended	2,249,800	3,113,300
Year-End Fund Balance	2,082,600	2,147,800
Corrections Fund (ADA2088/A.R.S. § 41-1641)		Appropriated
Source of Revenue: Luxury taxes on alcohol and tobacco products.		
Purpose of Fund: To pay for construction, major maintenance, lease, purchase, renovation, or conversion of Arizona Department of Corrections (ADC) and Department of Juvenile Corrections (DJC) facilities. ADOA uses these monies to oversee construction projects benefiting ADC or DJC.		
Funds Expended	449,800	572,900
Year-End Fund Balance*	(449,800)	(1,026,700)

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Electronic Commerce Fund (ADA2482/A.R.S. § 41-2673)		Non-Appropriated
Source of Revenue: Legislative appropriations, agency repayments, and 10% of any savings generated through the implementation of electronic commerce initiatives using fund monies.		
Purpose of Fund: To partially finance agency electronic commerce initiatives where other funding mechanisms do not exist.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Emergency Telecommunication Services Revolving Fund (ADA2176/A.R.S. § 41-704)		Non-Appropriated
Source of Revenue: 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 established a tax equal to 0.8% of the gross income derived from the retail sale of prepaid wireless telecommunication services, effective December 31, 2013.		
Purpose of Fund: 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.		
Funds Expended	15,483,100	19,143,700
Year-End Fund Balance	3,564,300	1,140,700
Employee Related Expenditures/Benefits Administration Fund (ITA3035/A.R.S. § 38-651.05)		Non-Appropriated
Source of Revenue: State employer and state employee premium contributions for vision, flexible spending, disability, life, and accident insurance.		
Purpose of Fund: To administer state employee benefit plans and pay non-health insurance premiums.		
Funds Expended	34,289,300	32,740,800
Year-End Fund Balance	3,374,600	3,329,400
Federal Grants (ADA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants, including pass through grants from the several agencies.		
Purpose of Fund: To pay for security related equipment and programs, as well as to administer monies as sub-grantee for federal projects.		
Funds Expended	2,217,900	1,960,100
Year-End Fund Balance	164,300	30,300
Federal Grants - American Recovery and Reinvestment Act (ARRA) (ADA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: 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.		
Funds Expended	3,894,500	2,204,800
Year-End Fund Balance	193,000	39,300
Federal Surplus Materials Revolving Fund (ADA4215/A.R.S. § 41-2606)		Appropriated
Source of Revenue: Federal surplus property service and handling fees.		
Purpose of Fund: 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.		
Funds Expended	86,500	464,100
Year-End Fund Balance*	95,800	(269,500)
IGA and ISA Fund (ADA2500/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Various intergovernmental and interagency service agreements.		
Purpose of Fund: To execute various intergovernmental and interagency service agreements.		
Funds Expended	8,968,300	10,696,400
Year-End Fund Balance	3,262,600	1,007,900

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Information Technology Fund (ADA2152/A.R.S. § 41-3505)		Appropriated
Source of Revenue: A pro rata share of 0.2% of total payroll, charged to all budget units subject to oversight of information technology projects by ADOA's Arizona Strategic Enterprise Technology (ASET) Office or by the Information Technology Authorization Committee (ITAC).		
Purpose of Fund: 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). Expenditures include a transfer into the Automation Projects Fund of \$1,500,000 in FY 2013 and \$345,000 in FY 2014. <i>(See the Automation Projects Fund page for more details.)</i>		
Funds Expended	2,643,100	3,232,300
Transfer to Automation Projects Fund	1,500,000	345,000
Year-End Fund Balance	720,700	161,600
Legislative, Executive, and Public Buildings Land Fund (ADA3127/A.R.S. § 37-525)		Appropriated
Source of Revenue: State trust land lease revenues.		
Purpose of Fund: To support state Legislative, Executive, and Judicial buildings. In FY 2005, to construct a new Library and Archives Building.		
Funds Expended	0	0
Year-End Fund Balance	291,300	291,300
Management Services Division Plan Deposits Fund (ADA3196/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Deposits for blueprints, paid by construction vendors and bidders.		
Purpose of Fund: To reimburse blueprint deposits.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Monument and Memorial Repair Fund (ADA2338/A.R.S. § 41-1365)		Appropriated
Source of Revenue: Monies derived from fundraising activities, monies that are collected by the proponents of a monument or memorial, grants, donations, and legislative appropriations.		
Purpose of Fund: For the maintenance, repair, reconditioning, or relocation of monuments or memorials and for supporting mechanical equipment in the Governmental Mall.		
Funds Expended	0	0
Year-End Fund Balance	25,300	25,300
Motor Vehicle Pool Revolving Fund (ADA4204/A.R.S. § 41-804)		Appropriated
Source of Revenue: Charges to agencies for the use of motor pool vehicles.		
Purpose of Fund: To operate the motor vehicle pool.		
Funds Expended	8,878,700	10,155,800
Year-End Fund Balance	951,600	58,500
Payroll Administration Fund (ADA9200/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: 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.		
Funds Expended	139,000	150,800
Year-End Fund Balance	6,246,800	6,245,000

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Personnel Division Fund (ADA1107/A.R.S. § 41-750)		Appropriated
Source of Revenue: A 0.83% (permanent law) charge on the total payroll of each agency within the ADOA personnel system. This charge was lowered from 1.07% in the FY 2014 Budget Procedures Budget Reconciliation Bill (BRB) (Laws 2013, 1 st Special Session, Chapter 6).		
Purpose of Fund: To operate the ADOA Human Resources Division.		
Funds Expended	14,304,700	12,898,700
Year-End Fund Balance	2,155,300	554,000
Privatized Lease-To-Own Fund (ADA2495/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Charges to agencies occupying privatized lease-to-own (PLTO) buildings.		
Purpose of Fund: To operate, maintain, and make annual rent payments on PLTO buildings.		
Funds Expended	12,437,700	9,807,100
Year-End Fund Balance	642,700	540,500
Racing Investigation Fund (ADA2369/A.R.S. § 41-705)		Non-Appropriated
Source of Revenue: Monies collected from persons, partnerships, associations, or corporations that hold a permit for a racing meeting under Title 5.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Retiree Accumulated Sick Leave Fund (ADA3200/A.R.S. § 38-616)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: 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.		
Funds Expended	13,655,700	13,751,300
Year-End Fund Balance	2,040,000	700,500
Risk Management Revolving Fund (ADA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: 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.		
Purpose of Fund: To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits.		
Funds Expended	72,229,200	93,072,200
Year-End Fund Balance	61,651,300	44,859,700
Special Employee Health Insurance Trust Fund (ADA3015/A.R.S. § 38-654)		Partially-Appropriated
Source of Revenue: Employer and employee medical and dental insurance contributions.		
Purpose of Fund: 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.		
Appropriated Funds Expended	9,056,600	5,259,200
Non-Appropriated Funds Expended	701,443,200	636,230,500
Year-End Fund Balance	324,577,000	311,937,900
Special Events Fund (ADA2503/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Set-up fees for special events on state property.		
Purpose of Fund: To set up special events on state property.		
Funds Expended	22,300	15,400
Year-End Fund Balance	24,900	24,900

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Special Services Revolving Fund (ADA4208/A.R.S. § 35-193)		Non-Appropriated
Source of Revenue: Payments by agencies using various centralized printing, copying, and repair services offered by ADOA.		
Purpose of Fund: To provide supplies, printing, copying, repair, and other office services for state agencies.		
Funds Expended	708,800	799,100
Year-End Fund Balance	128,300	66,200
State Employee Suggestion Program Award Fund (ADA3190/A.R.S. § 38-613)		Non-Appropriated
Source of Revenue: Savings transfers from appropriated or non-appropriated monies in a budget unit where cost saving is realized. Monies are not transferred from the General Fund.		
Purpose of Fund: To award state employees up to \$1,000 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.		
Funds Expended	0	0
Year-End Fund Balance	0	0
State Employee Travel Reduction Fund (ADA2261/A.R.S. § 41-101.03)		Non-Appropriated
Source of Revenue: Grants by the Maricopa Association of Governments, the State Travel Reduction Planning Office, and the Arizona Department of Environmental Quality.		
Purpose of Fund: To operate and administer a ride-sharing program for the transportation of state employees between home and work.		
Funds Expended	421,600	564,700
Year-End Fund Balance	457,600	418,700
State Surplus Materials Revolving Fund (ADA4214/A.R.S. § 41-2606)		Appropriated
Source of Revenue: State surplus property sales revenues.		
Purpose of Fund: 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.		
Funds Expended	2,462,600	2,399,600
Year-End Fund Balance	599,100	1,044,000
State Web Portal Fund (ADA2531/A.R.S. § 41-3506)		Partially-Appropriated
Source of Revenue: Grants, donations, and web portal revenues, including any fees collected from the sale of certain types of motor vehicle records to commercial customers, less revenues deposited into the Highway User Revenue Fund, as stipulated in the FY 2014 Budget Procedures BRB (Laws 2013, 1 st Special Session, Chapter 6).		
Purpose of Fund: 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. Expenditures include a transfer into the Automation Projects Fund of \$5,600,000 in FY 2013 and \$4,000,000 in FY 2014. Expenditures include a transfer into the Highway User Revenue Fund of \$8,173,900 in FY 2014. (See the Automation Projects Fund page for more details.)		
Funds Expended	220,100	4,250,000
Transfer to Automation Projects Fund	5,600,000	4,000,000
Transfer to Highway User Revenue Fund		8,173,900
Year-End Fund Balance*	0	(2,968,100)
Statewide ARRA Administration SWCAP Fund (GVA2950/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Indirect federal cost recoveries associated with the statewide cost allocation plan (SWCAP).		
Purpose of Fund: 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.		
Funds Expended	230,100	113,000
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Statewide Donations Fund (ADA2025/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Employee donations and other miscellaneous deposits. In FY 2005, a \$1,000,000 grant for wireless emergency telecommunications was deposited into this fund.		
Purpose of Fund: 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.		
Funds Expended	12,100	12,000
Year-End Fund Balance	226,300	214,300
Statewide E-Rate Program Fund (ADA2584/A.R.S. § 41-3508)		Non-Appropriated
Source of Revenue: 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's Arizona Strategic Enterprise Technology (ASET) Office 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.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Telecommunications Fund (ADA4231/A.R.S. § 41-713)		Appropriated
Source of Revenue: 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.		
Purpose of Fund: 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.		
Funds Expended	1,608,700	1,853,600
Year-End Fund Balance	1,250,700	585,300
Telecommunications Fund - Infrastructure Improvements Account (ADA4231B/A.R.S. § 35-142)		Appropriated
Source of Revenue: A portion of the rate charged to the state for telecommunications services.		
Purpose of Fund: To replace end-of-life voice and data equipment in state facilities.		
Funds Expended	0	0
Year-End Fund Balance	0	0

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