



MEMORANDUM

Date: May 24, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: Jan Leshner 
County Administrator

Re: **Follow-up Information from May 17, 2022, Board of Supervisors Meeting – Fund Balances**

At the Board of Supervisors meeting on May 17, 2022, the Board asked if non-General Fund balances could be used as possible funding sources for items being added into the Fiscal Year 2022/23 Adopted Budget. The fund balances that were referred to at the meeting were held within the Special Revenue Funds.

The fund balances within the Special Revenue Funds consist primarily of secondary property taxes, intergovernmental revenues and charges for services that are restricted or committed for specified purposes. For additional information on the County's various fund types, please see the attached Financial Structure document.

JKL/anc

Attachment

c: Carmine DeBonis, Deputy County Administrator for Public Works
Francisco Garcia, Deputy County Administrator and Chief Medical Officer,
Health and Community Services
Ellen Moulton, Director, Analytics and Data Governance
Michelle Campagne, Director, Finance and Risk Management
Andy Welch, Deputy Director, Finance and Risk Management
Xavier Rendon, Budget Division Manager, Finance and Risk Management

FINANCIAL STRUCTURE

Accounting policies: The Pima County accounting policies are guided by the State of Arizona Auditor General through the *Uniform Accounting Manual for Arizona Counties*. The policies conform to generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB) and provide a consistent basis for presenting financial information of the County.

Fund accounting: The financial transactions of the County are recorded in individual funds, each of which is considered a separate fiscal entity. Each fund is accounted for with a separate set of *self-balancing* accounts that comprise its assets, liabilities, net assets, revenues, and expenditures or expenses, as appropriate.

The various funds and subsidiary ledgers are classified by category and type as follows:

Fund Type	Description	Primary Funding Source	Fund Balance from Tentative Budget – Schedule A
GOVERNMENTAL FUNDS	Governmental funds use the modified accrual basis of accounting, a current financial resource measurement focus. Governmental Funds are comprised of the following:		
General Fund	The General Fund is the County's principal financing vehicle for general government operations and for resources that are not required to be accounted for in another fund.	Funded largely by primary property tax revenue and State shared sales tax revenue.	\$137,789,053
Special Revenue Funds	Account for the proceeds of specific revenue sources (other than major capital projects) that are <u>legally restricted to expenditures for specified purposes</u> . Special Revenue Funds include the following:		\$101,851,697
	<ul style="list-style-type: none"> • <u>Environmental Quality</u> - Accounts for resources specifically identified to be expended for the protection of water, air, and land from pollutants. 	Air quality inspection and application fees; revenues from alternate onsite disposal plans; federal and State grants.	
	<ul style="list-style-type: none"> • <u>Grants</u> – Accounts for resources identified to be expended for specific purposes per grant agreements. 	Federal, State, and private agency grants.	
	<ul style="list-style-type: none"> • <u>Health</u> - Accounts for resources used to finance activities involved in the conservation and improvement of public health. 	Federal and State grants; charges for services provided; private donations; and operating transfers from the General Fund.	
	<ul style="list-style-type: none"> • <u>Library District</u> – Accounts for resources used for the management and operation of the Pima County Free Library District. 	Secondary property tax revenue.	
	<ul style="list-style-type: none"> • <u>Regional Flood Control District</u> - Accounts for expenditures necessary to analyze, design, and maintain flood control improvements to protect the public and property from floodwaters. 	Secondary property tax revenue.	

Fund Type	Description	Primary Funding Source	Fund Balance from Tentative Budget – Schedule A
GOVERNMENTAL FUNDS (cont'd)			
Special Revenue Funds (cont'd)			
	<ul style="list-style-type: none"> • <u>School Reserve Fund</u> – Accounts for resources specifically identified to be expended for education programs in the Pima County Accommodation District and specialized educational programs that extend outside the boundaries of individual school districts. • <u>Stadium District</u> – Accounts for resources specifically identified to be expended for the management and operation of Kino Sports Complex. • <u>Transportation</u> - Accounts for administrative and operating costs expended for highways and streets, as well as resources transferred to the Capital Projects Fund for construction of highways and streets. • <u>Waste Tire</u> – Accounts for resources specifically identified to be expended for the tire recycling program. • <u>Wireless Integrated Network</u> – Accounts for resources specifically identified to be expended for the management and operation of the regional public safety voice communications network. • <u>Other Special Revenue Funds</u> - Account for resources to be expended for various other programs of the County, including various probation programs, consumer protection programs, family support, antiracketeering programs, law library, etc. 	<p>Federal and State grants; private donations; Arizona Department of Education.</p> <p>Car rental surcharge fees; hotel/motel bed taxes; charges for services provided for special events; and operating transfers from the General Fund.</p> <p>County share of gasoline tax collected by State Highway User revenues; Vehicle License Tax revenues; and charges for services.</p> <p>County share of State tax on new tire sales.</p> <p>Membership fees collected from other governmental and medical services entities.</p> <p>Federal and State grants. Antiracketeering funding is provided by court ordered forfeitures, diversion fees, and restitution payments.</p>	
Debt Service Fund	Accounts for the accumulation of resources for, and the payment of, long term debt principal and interest applicable to Governmental Funds. This fund manages the debt for Transportation bonds, Certificates of Participation, Pledged Revenue Obligations and General Obligation bonds. These resources include tax revenues that are <u>legally restricted to the purpose of payment of principal and interest on the County's debt.</u>	Secondary tax levy on real and personal property; transfers of Vehicle License Tax and Highway User revenues from the Transportation Special Revenue Fund for the payment of Transportation bonds; transfers for payment of Pledged Revenue Obligations and Certificates of Participation.	\$1,790,934

Fund Type	Description	Primary Funding Source	Fund Balance from Tentative Budget – Schedule A
Capital Projects Fund	Accounts for financial resources to be used for the acquisition or construction of major capital assets, including land, buildings, roads, streets, drainage ways, libraries, and parks (other than those financed by Proprietary Funds). These resources include debt proceeds that are <i>legally restricted to the purposes listed in the debt documents</i> , tax revenues that are <i>legally restricted to the purposes of the fund from which they are received, etc.</i>	Bond sale proceeds; federal and state grants; transfers of Vehicle License Tax revenues and Highway User revenues from the Transportation Special Revenue Fund; transfers of Regional Flood Control District and Library District monies; reimbursements associated with specific capital projects and from other governments.	\$64,756,713
PROPRIETARY FUNDS	Proprietary funds are used to account for Pima County’s business-type activities. These funds use the economic resources measurement focus and accrual basis of accounting. This measurement focus provides for the short term and long term recognition of revenues and expenses. Proprietary Funds are comprised of Enterprise and Internal Service Funds.		
Enterprise Funds	Account for operations that are financed and operated in a manner similar to private business enterprises. <i>The funds generated by an Enterprise Fund are from fees charged to external users restricted to uses within that fund.</i> Enterprise funds within Pima County include the following:		\$194,444,846
	<u>Development Services</u> - Accounts for the operations that provide zoning permits, enforce ordinances, and administer uniform building codes.	License and permit fees for plan examinations and zoning; penalties related to the issuance of building, plumbing, mechanical, electrical and mobile home permits; and charges for services such as plan checks and subdivision coordination.	
	<u>Parking Garages</u> - Accounts for the management and operation of nine parking facilities located in downtown Tucson.	Parking fees from seven public parking garages and two parking lots owned by Pima County.	
	<u>Regional Wastewater Reclamation</u> - Accounts for the management and operation of wastewater treatment and water pollution control facilities.	Sewer user, sewer connection, and sanitation fees.	

Fund Type	Description	Primary Funding Source	Fund Balance from Tentative Budget – Schedule A
Internal Service Funds	Account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. Internal Service funds include the following:		
	<ul style="list-style-type: none"> • <u>Self-Insurance Trust Fund</u> - Accounts for the risk management function of the County. The fund is administered by the Board of Supervisors and an appointed board of trustees, and provides self-insurance for medical malpractice, workers compensation, unemployment, general liability, property damage, and environmental damage. It also provides coverage for certain types of litigation. 	Financed by charges to specific user departments and to the General Fund.	
	<ul style="list-style-type: none"> • <u>Health Benefits Trust</u> – Accounts for a self-insured plan that provides employees and their families with comprehensive and affordable benefits options for health care (medical, pharmacy, and dental), life and other health-related insurances, and wellness and employee assistance programs. The fund is administered by the Board of Supervisors and an appointed board of trustees. 	Financed by employee payroll deductions and charges to specific user departments for participating employees, and payments received from former employees for COBRA premiums.	
	<ul style="list-style-type: none"> • <u>Other Internal Service Funds</u> - Account for the acquisition, operation, and maintenance of automotive and telecommunications equipment, as well as leased hardware, enterprise software and server storage, used by County departments. 	Financed by fees and charges to user departments.	