



# MEMORANDUM

Date: November 30, 2022

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

From: Jan Leshner  
County Administrator

Re: **Monthly Financial Forecast – October 2022**

The following information is the Monthly Financial Forecast compiled using Period 4 Department forecasts.

Actual Revenues and Expenditures are posted to the financial systems on a daily basis. At the end of every month, departments are required to provide a forecast for the year ending June 30, 2023. In conjunction with Finance and Risk Management, the departments review the actual expenditures and revenues posted during the month, identify any trends or significant changes to their line of business, and then forecast year-end numbers.

Fiscal Year 2022/23 Adopted Budget, Year to Date Actual, Forecasted Amounts for the General Fund				
As of October 2022				
Fund Balance Summary	Adopted	Year To Date	Forecasted	Variance
<b>Beginning General Fund Balance</b>	\$ 137,789,053	\$ 173,206,858	\$ 173,206,858	\$ 35,417,805
<b>Revenues</b>				
General Fund Revenues	652,935,604	168,121,437	664,758,812	11,823,208
Operating Transfers In	7,173,672	1,887,623	7,191,780	18,108
<b>Total Revenues</b>	<b>660,109,276</b>	<b>170,009,060</b>	<b>671,950,592</b>	<b>11,841,316</b>
<b>Expenditures</b>				
Operating Expenditures	628,715,023	194,084,390	624,948,191	3,766,832
Operating Transfers Out	118,005,502	14,520,162	117,394,279	611,223
Reserve	41,177,804	-	-	41,177,804
Emergency Reserve	10,000,000	-	-	10,000,000
<b>Total Expenditures</b>	<b>797,898,329</b>	<b>208,604,552</b>	<b>742,342,470</b>	<b>55,555,859</b>
<b>Ending Fund Balance</b>	<b>-</b>	<b>134,611,366</b>	<b>102,814,980</b>	<b>102,814,980</b>
<b>Unrestricted General Fund Reserve</b>			102,814,980	
Unrestricted General Fund Balance - per NEW Board Policy				Over/Under
	Minimum 17% of Expenditures		\$ 93,073,218	\$ 9,741,762

General Fund Revenues are forecasted to be above budget for this fiscal year. This is primarily due to an additional \$10 million or 6.4% increase in State Shared Sales Tax and \$2.2 million in interest income due to the Federal Reserve interest rate increases. These increases are offset by a \$2.1 million decrease in projected vehicle license taxes provided by Arizona Department of Transportation (ADOT). Additionally, individual General Fund Departments are also forecasting increased revenues; most notably the Clerk of the Court is projecting approximately \$760,000 in increased revenue.

**Significant Negative Variance:**

Currently, five departments are forecasted to be significantly over budget at year-end, June 30, 2023.

Summary of Significant Negative Variances	Net Fund Impact			
	Adopted	Year to Date	Forecasted	Variance
<b>General Fund</b>				
Human Resources	(6,129,798)	(1,877,705)	(6,903,855)	(774,057)
Sheriff	(145,580,002)	(47,748,930)	(148,332,738)	(2,752,736)
Superior Court	(41,145,806)	(14,836,122)	(43,382,640)	(2,236,834)
<b>Non - General Fund</b>				
Debt Service Fund	(66,724,570)	(29,056,879)	(68,394,835)	(1,670,265)
Human Resources - Health Benefits Trust	800,766	3,351,744	(1,426,147)	(2,226,913)
Transportation	(33,913,911)	(802,113)	(38,047,976)	(4,134,065)

Human Resources: \$774,057

The three programs provided below were approved and implemented after the adoption of the budget. These programs account for the majority of the overage.

- Education Reimbursement - \$500,000
  - It is the expectation that the entire allotment will be spent this year.
- Leadership Curriculum - \$240,000
- Employee Referral Incentive - \$30,000

Sheriff Department: \$2,752,736

The Sheriff’s Department continues to experience high levels of vacancies. They have forecasted high levels of overtime to combat the vacant positions. Additionally, the Sheriff has identified an increased demand for maintenance and repairs.

Superior Court: \$2,236,834

The Superior Court absorbed the responsibility for the information technology infrastructure for the Clerk of the Court. The Clerk of the Court is correspondingly under budget. The additional overage, of approximately \$1.3 million, is due to the cost of the remediation plan to improve the technology infrastructure. These funds are coming from Contingency.

Debt Service Fund: \$1,670,265

The Debt Service occurred several months earlier than initially planned. The interest rates are significantly higher than they were in March when the Debt Service Budget was created by Finance & Risk Management. For additional information, please see my Debt Sale [memorandum](#) on October 27, 2022.

Human Resources – Health Benefit Trust: \$2,226,913

The Health Benefit Trust is experiencing two issues. The current level of vacant positions will create a budgeted revenue shortfall of approximately \$3 million. Due to this same issue, the County will not have to fund approximately \$640,000 of HSA contributions, which offsets some the shortfall.

Transportation: \$4,134,065

Transportation is experiencing two issues. ADOT is projecting lower fuel and vehicle license tax revenue by approximately \$2.1 million. Several Pavement Preservation projects and their corresponding expenditures, \$2.6 million, were carried over from fiscal year 2022.

**Significant Positive Variances:**

There are currently eight departments, which are forecasted to be significantly under budget, more than \$1 million, at year-end, June 30, 2023.

Summary of Significant Positive Variances	Net Fund Impact			
	Adopted	Year to Date	Forecasted	Variance
<b>General Fund</b>				
Behavioral Health	(32,363,035)	(5,394,905)	(31,259,633)	1,103,402
Clerk of the Superior Court	(10,792,584)	(2,716,415)	(8,863,527)	1,929,057
Facilities Management	(23,349,218)	(6,537,306)	(21,604,763)	1,744,455
Finance	(16,920,694)	(4,802,796)	(15,828,107)	1,092,587
Information Technology	(21,744,356)	(7,768,038)	(20,318,103)	1,426,253
Public Defense Services	(35,849,926)	(10,521,264)	(34,215,421)	1,634,505
<b>Non - General Fund</b>				
Fleet Services	(5,042,458)	805,112	(2,333,108)	2,709,350
Wastewater Reclamation	29,386,583	8,285,483	30,505,245	1,118,662

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For Facilities Management, Finance, and Public Defense Services, the positive variances are due primarily to vacant positions.

Behavioral Health: \$1,103,402

The expenditures related to NaphCare contracted costs for adult correctional activity is less than anticipated.

Clerk of the Superior Court: \$1,929,057

As described above, the Clerk transferred responsibility for information technology infrastructure to the Superior Court.

Information Technology: \$1,426,253

Information Technologies is expecting \$270,000 more than budgeted revenues from tower rentals. The remaining \$1.1 million is the result of multiple vacant positions.

Fleet Services: \$2,709,350

Fleet Services is projecting increased revenues from departments using the motor pool vehicles more than expected.

Wastewater Reclamation: \$1,118,662

Wastewater's sale of Biogas is exceeding budgeted amounts.

Please let us know if you require any further information. Additionally, if you have specific questions, you can reach out directly to Ellen Moulton, Director of Finance and Risk Management.

JKL/dym

c: Carmine DeBonis, Deputy County Administrator  
Francisco Garcia, MD, MPH, Deputy County Administrator and Chief Medical Officer  
Steve Holmes, Deputy County Administrator  
Ellen Moulton, Director, Finance and Risk Management  
Michelle Campagne, Senior Advisor, Pima County Administrator's Office