



MEMORANDUM

Date: October 28, 2022

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

From: Jan Leshner *Jan Leshner*
County Administrator

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

The following information is the Monthly Financial Forecast compiled using Period 3 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 Actuals, Forecasted Amounts for the General Fund				
As of September 2022				
Fund Balance Summary	Adopted	Year To Date	Forecasted	Variance
Beginning General Fund Balance	137,789,053	173,206,858	173,206,858	35,417,805
Revenues	652,935,604	72,406,136	663,175,992	10,240,388
Operating Transfers In	7,173,672	1,513,297	7,191,780	18,108
Expenditures				
Operating Expenditures	628,715,023	145,354,963	629,228,127	(513,104)
Operating Transfers Out	118,005,502	12,059,515	117,312,673	692,829
Reserve	41,177,804	-	-	41,177,804
Emergency Reserve	10,000,000	-	-	10,000,000
Total Expenditure	797,898,329	157,414,478	746,540,800	51,357,529
Ending Fund Balance	-	89,711,813	97,033,830	97,033,830
Unrestricted General Fund Reserve			97,033,830	
Unrestricted General Fund Balance - per NEW Board Policy				Over/Under
	Minimum 17% of Expenditures		93,073,218	3,960,612

General Fund Revenues are forecasted to be above budget for this fiscal year. This is primarily due to an additional \$6 million or 3.9% increase in State Shared Sales Tax and \$2.2 million in interest income due to the Federal Reserve interest rate increases. Additionally, individual

General Fund Departments are also forecasting increased revenues; most notably the Clerk of the Court is projecting approximately \$860,000 in increased revenue.

Currently, six departments are forecasted to be significantly over budget at year-end, June 30, 2023. In the Period 4 Forecasting Report, we will begin to provide more detailed information on revenues and expenditures.

Summary of Significant Variances	Net Fund Impact			
	Adopted	Year to Date	Forecasted	Variance
General Fund				
Human Resources	(6,129,798)	(1,428,463)	(6,920,702)	(790,904)
Sheriff	(145,580,002)	(35,982,097)	(148,661,152)	(3,081,150)
Superior Court	(41,145,806)	(11,391,037)	(43,382,640)	(2,236,834)
Non-General Fund				
Debt Service Fund	(66,724,570)	(33,803,503)	(68,217,625)	(1,493,055)
Human Resources - Health Benefits Trust	800,766	3,749,912	(1,528,554)	(2,329,320)
Transportation	(33,331,204)	(4,320,663)	(35,857,527)	(2,526,323)
Wastewater Debt Service	(17,709,898)	(4,209,706)	(19,536,087)	(1,826,189)

Human Resources: \$790,904

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: \$3,081,150

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.

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Debt Service Fund: \$1,493,055

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 in October 2022 [memorandum](#).

Human Resources – Health Benefit Trust: \$2,329,320

The Health Benefit Trust is experiencing two issues. The current level of vacant positions will create a budgeted revenue shortfall of approximately \$2.8 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: \$2,526,323

Several Pavement Preservation projects and their corresponding expenditures were carried over from fiscal year 2022. This overage was not reflected in the Period 2 forecast.

Wastewater Debt Service: \$1,826,189

The FY 2022 Wastewater debt issuance is occurring several months earlier in the year than initially planned. The interest rates are significantly higher now than they were in March when the Debt Service budget was created by Finance & Risk Management.

As you become more familiar with these reports, 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/anc

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, 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, County Administrator's Office