



# MEMORANDUM

Date: January 3, 2023

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

From: Jan Leshner *Jan Leshner*  
County Administrator

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

The following information is the Monthly Financial Forecast compiled using Period 5 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 November 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	299,892,093	668,793,395	15,857,791
Operating Transfers In	7,173,672	2,112,466	7,374,785	201,113
<b>Total Revenues</b>	<b>660,109,276</b>	<b>302,004,559</b>	<b>676,168,180</b>	<b>16,058,904</b>
<b>Expenditures</b>				
Operating Expenditures	628,715,023	244,444,878	624,004,005	4,711,018
Operating Transfers Out	118,005,502	71,600,642	110,715,085	7,290,417
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>316,045,520</b>	<b>734,719,090</b>	<b>63,179,239</b>
<b>Ending Fund Balance</b>	<b>-</b>	<b>159,165,897</b>	<b>114,655,948</b>	<b>114,655,948</b>
<b>Unrestricted General Fund Reserve</b>			<b>114,655,948</b>	
Unrestricted General Fund Balance - per NEW Board Policy				Over/Under
		Minimum 17% of Expenditures	\$ 93,073,218	\$ 21,582,730

General Fund Revenues are forecasted to be above budget for this fiscal year. This is primarily due to an additional \$15 million or 9.74 percent 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).

**Significant Negative Variance:**

Currently, eight (8) departments or bureaus 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)	(2,331,540)	(6,759,060)	(629,262)
Sheriff	(145,580,002)	(60,367,481)	(148,538,449)	(2,958,447)
Superior Court	(41,145,806)	(19,065,115)	(44,024,693)	(2,878,887)
<b>Non - General Fund</b>				
Debt Service Fund	(66,724,570)	(51,334,165)	(68,337,860)	(1,613,290)
Health Benefits Trust	800,766	1,161,492	(1,446,533)	(2,247,299)
ITD Enterprise Software Licensing	337,245	(1,259,600)	(332,936)	(670,181)
Transportation	(33,913,911)	(14,616,454)	(50,635,136)	(16,721,225)
Transportation Grants	12,123,563	2,516	8,223,036	(3,900,527)

Human Resources: \$629,262

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
- Leadership Curriculum - \$240,000
- Employee Referral Incentive - \$30,000

Sheriff Department: \$2,958,447

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: \$2,878,887

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: \$1,613,290

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 27, 2022](#) memorandum.

Human Resources – Health Benefit Trust: \$2,247,299

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.

ITD – Enterprise Software: \$670,181

ITD – Enterprise Software is over budget due to the purchase of DocuSign software.

Transportation: \$16,721,225

Transportation is experiencing two issues. ADOT is projecting lower fuel and vehicle license tax revenue by approximately \$2.1 million. Pavement Preservation Projects are higher in FY 23 by \$6.8 million due to carryover projects from FY 2022. Additionally, current year projects are coming in higher than expected by approximately \$6 million.

**Significant Positive Variances:**

There are currently ten (10) 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)	(7,337,559)	(31,270,513)	1,092,522
Clerk Of Superior Court	(10,792,584)	(3,455,492)	(9,126,610)	1,665,974
Facilities Management	(23,349,218)	(7,897,505)	(21,208,039)	2,141,179
Finance	(16,920,694)	(5,918,664)	(15,508,808)	1,411,886
Information Technology	(21,744,356)	(9,307,226)	(20,725,743)	1,018,613
Public Defense Services	(35,849,926)	(13,182,906)	(34,075,265)	1,774,661
<b>Non - General Fund</b>				
County Library	9,488,417	10,609,361	12,099,536	2,611,119
Fleet Services	(5,042,458)	10,511	(2,559,129)	2,483,329
Health Grants	(130,017)	14,106,887	7,396,684	7,526,701
Wastewater Reclamation	29,386,583	15,642,108	31,420,562	2,033,979

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

Behavioral Health: \$1,092,522

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

Clerk of the Superior Court: \$1,665,974

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

Information Technology: \$1,018,613

Information Technologies is expecting \$200,000 more than budgeted revenues from tower rentals. The remaining \$1 million is the result of multiple vacant positions.

County Library: \$2,611,119

The Library is receiving more in interest income than budgeted. This combined with multiple vacant positions is resulting in the positive variance.

Fleet Services: \$2,483,329

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

Health Grants: \$7,526,701

This variance is primarily due to the FEMA Public Assistance grant revenue being recognized in the current year while the expenses posted in previous years. There are also multiple vacant positions.

Wastewater Reclamation: \$1,118,662

Wastewater's sale of Biogas is exceeding budgeted amounts.

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, County Administrator's Office