



MEMORANDUM

Date: November 13, 2024

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

From: Jan Lester 
County Administrator

Re: **Financial Forecast – September 2024 Period 3**

The following information represents the Financial Forecast as of September 30, 2024, compiled using the forecasts provided by departments for Period 3.

Departments are required to provide a forecast for the fiscal year ending June 30, 2025. Working closely with Finance and Risk Management (Finance), the departments review actual expenditures and revenues posted during the month, identify trends or significant changes in their line of business, and then forecast year-end amounts.

Fund Balance Reserve

Board Policy D 22.14 General Fund - Fund Balance requires 17% of the previous year's General Fund audited operating expenditures be set aside as an unrestricted General Fund reserve. The most recent Annual Comprehensive Financial Report (ACFR) for the County was published on February 29, 2024, with audited General Fund expenditures for FY 2022/23 of \$576 million. The ACFR for FY 2023/24 is currently being audited and is expected to be issued in late December 2024, after which the General Fund reserve will be updated accordingly.

General Fund Revenues

General Fund Revenues are comprised of three main sources: local property tax revenues, State and Federal revenues, and General Fund Departmental Revenues. As of Period 3, General Fund Revenues are projected to exceed the budgeted amount by approximately \$2 million. This increase is primarily due to a slight increase in State Shared Sales Tax revenues of \$2 million.

Property Tax Revenues

Property tax revenues are comprised of three different categories: Real Property Taxes, Personal Property Taxes, and interest and penalties on delinquent taxes. Below is a table that lists the different types of property taxes and the current forecast as of September 30, 2024.

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Fiscal Year 2024/ 25 Adopted Budget, Year to Date Actual, Projected Amounts for the Property Tax Revenues					
	FY 24/ 25 BUDGET	Year-to-Date ACTUAL	FY 24/ 25 PROJECTED	VARIANCE	Percent of Budget
Real Property Taxes	439,912,058	44,777,929	438,807,585	(1,104,473)	-
Delinquent Real Property Taxes	5,858,000	1,094,995	5,858,000	-	18.69%
Personal Property Taxes	12,412,518	525,956	12,756,453	343,935	-
Delinquent Personal Property Taxes	349,000	209,083	349,000	-	59.91%
Interest & Penalties on Delinquent Property Taxes	5,580,000	503,358	5,580,000	-	9.02%
	\$ 464,111,576	\$ 47,111,321	\$ 463,351,038	\$ (760,538)	

State, Federal, and Other Non-Departmental Revenues

The Non-Departmental Revenues are a composite of various General Government Revenues that are not associated with an individual department. Below is a table that lists the types of revenues as of September 30, 2024. Finance is projecting an increase of \$2 million in State Shared Sales Taxes.

Fiscal Year 2024/ 25 Adopted Budget, Year to Date Actual, Projected Amounts for the State and Federal Revenues					
	FY 24/ 25 BUDGET	Year-to-Date ACTUAL	FY 24/ 25 PROJECTED	VARIANCE	Percent of Budget
State Shared Sales Tax	182,000,000	25,097,866	184,000,000	2,000,000	13.79%
Vehicle License Tax	36,800,000	7,898,139	36,800,000	-	21.46%
Overhead General Fund	16,162,316	-	16,162,316	-	-
Pooled Investment Interest Revenue	5,000,000	-	5,000,000	-	-
Federal In Lieu Payment	4,529,000	-	4,529,000	-	-
Transient Lodging Excise Tax (Stadium)	3,794,400	406,170	3,794,400	-	10.70%
General Government Fees	1,872,155	9,985	1,872,155	-	0.53%
Business Licenses & Permits	3,300,000	47,994	3,300,000	-	1.45%
Alcoholic Beverage Tax	60,000	6,000	60,000	-	10.00%
City In Lieu Payment	60,000	-	60,000	-	-
Other Miscellaneous Revenue	2,000	-	2,000	-	-
Overages & Shortages	(6,000)	(382)	(6,000)	-	6.37%
	\$ 253,573,871	\$ 33,465,772	\$ 255,573,871	\$ 2,000,000	

General Fund Departmental Revenues

General Fund Departmental Revenues are fees earned by the departments through departmental activities. These activities vary by department but include things such as licenses and permits, charges for services, fines and forfeitures, rental property income, etc.

Below is a table detailing the departments that generate the majority of the Departmental Revenues as of September 30, 2024.

Fiscal Year 2024/ 25 Adopted Budget, Year to Date Actual, Projected Amounts for the Departmental Revenues					
	FY 24/25 BUDGET	Year-to-Date ACTUAL	FY 24/25 PROJECTED	VARIANCE	Percent of Budget
Sheriff	8,246,160	1,753,454	9,354,755	1,108,595	21.26%
Justice Court Tucson	5,427,666	1,095,205	5,165,954	(261,712)	20.18%
Recorder	4,250,000	1,361,744	4,264,756	14,756	32.04%
Clerk of the Superior Court	2,894,538	439,055	2,609,958	(284,580)	15.17%
Real Property Services	1,556,379	788,144	1,955,428	399,049	50.64%
Medical Examiner	1,514,500	233,175	1,369,050	(145,450)	15.40%
Public Defense Services	1,379,190	270,578	1,379,190	(0)	19.62%
Facilities Management	1,416,767	396,107	1,458,682	41,915	27.96%
Pima Animal Care	1,332,425	314,508	1,332,098	(327)	23.60%
Superior Court	754,228	286	565,957	(188,271)	0.04%
Information Technology	732,164	426,044	732,164	(0)	58.19%
Elections	630,000	92,297	564,797	(65,203)	14.65%
Communications Office	505,000	128,675	507,425	2,425	25.48%
	\$ 30,639,017	\$ 7,299,272	\$ 31,260,215	\$ 621,198	

General Fund Operating Transfers In and Transfers Out

Several types of Operating Transfers are recorded within the budget. Transfers In to the General Fund are payments made by other departments for services performed by Departments within the General Fund. The transfers received are primarily reimbursements from grants that allow for the recovery of indirect costs. Transfers In are reflected as revenue to the General Fund in the forecast. In the FY 2024/25 Adopted Budget, \$11.25 million of ARPA interest and Opioid settlement dollars are budgeted to be transferred into the General Fund and used to support various programs. The County budgeted approximately \$17.5 million in Transfers In and is projecting to receive \$17.5 million as of Period 3.

Transfers Out from the General Fund fall into three categories: Capital Projects, Debt Service, and General Fund Support to Non-General Fund Departments. Transfers Out are reflected in the forecast as expenditures by the General Fund. The County budgeted \$124.3 million of Operating Transfers Out and is currently projecting to spend approximately \$124.7 Million as of Period 3.

General Fund Expenditures

The General Fund's high-level Period 3 Forecast is outlined below. The Period 3 Forecast shows an increase of \$1.9 million in total revenues and no increase in forecasted total expenditures over the Adopted Budget for FY 2024/25.

Fiscal Year 2024/ 25 Adopted Budget, Year to Date Actual, Forecasted Amounts for the General Fund					
As of September 2024 - Period 3					
Fund Balance Summary	Adopted	Year To Date	Forecasted	Variance	25% Target Received/ Spent
Beginning General Fund Balance	\$ 125,335,198	\$ 132,086,235	\$ 132,086,235	\$ 6,751,037	
Revenues					
General Fund Revenues	756,822,108	93,477,911	758,756,868	1,934,760	12%
Operating Transfers In	17,455,388	4,278,480	17,456,115	727	25%
Total Revenues	774,277,496	97,756,391	776,212,983	1,935,487	13%
Expenditures					
Operating Expenditures	677,333,993	153,466,048	676,947,851	386,142	23%
Operating Transfers Out	124,332,935	5,552,599	124,786,244	(453,309)	4%
Reserve	97,945,766	-	-	97,945,766	0%
Total Expenditures	899,612,694	159,018,646	801,734,095	97,878,599	18%
Ending Fund Balance	-	-	106,565,123	106,565,123	
Unrestricted General Fund Reserve			106,565,123		
Unrestricted General Fund Balance - per Board Policy				Over/Under	
	Minimum 17% of Expenditures		\$ 97,945,766	\$ 8,619,357	
			Affordable Housing	1,400,000	
			General Fund Contingency	4,100,000	
			Available Unrestricted General Fund Balance after Adjustments	\$ 3,119,357	

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Only one department, the Sheriff's Department, is projected to exceed its budget by at least \$500,000 as of June 30, 2025.

Sheriff's Department:

Period 3: \$4,750,643 – Over Budget

- Nearly half of this overage is in personnel services, with the majority in Overtime, primarily related to Jail Operations. The Department anticipates reductions throughout the remainder of the fiscal year to limit the impact of this overage.

Several General Fund departments have expressed concerns about meeting the 2% budget reduction included in the FY 2024/25 budget. Departments have been requested to address this for the Period 4 Forecast.

JKL/dym

c: Carmine DeBonis Jr., Deputy County Administrator
Francisco Garcia, MD, MPH, Deputy County Administrator & Chief Medical Officer
Steve Holmes, Deputy County Administrator
Ellen Moulton, Director, Finance and Risk Management
Andy Welch, Deputy Director, Finance and Risk Management