



MEMORANDUM

Date: February 14, 2025

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

From: Jan Leshner 
County Administrator

Re: Financial Forecast – December 2024 Period 6

The following information represents the Financial Forecast as of December 31, 2024, compiled using the forecasts provided by departments for Period 6.

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 December 20, 2024, with audited General Fund expenditures for FY 2023/24 of \$613.5 million. As a result, the required General Fund reserve balance is \$104.3 million.

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 6, General Fund Revenues are projected to exceed the budgeted amount by approximately \$6.5 million. This increase is driven by a \$3.0 million rise in State Shared Sales Tax revenues, a \$3.3 million refund from the Arizona Long Term Care System (ALTCS), and higher than expected departmental revenues, partially offset by declines in Real Property Tax revenues.

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 December 31, 2024. The reduction in property taxes is partly due to an increase in delinquent tax payments during FY 2023/24, resulting in fewer delinquent taxes available for collection in FY 2024/25.

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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	50% Target Received/Spent
Real Property Taxes	439,912,058	244,698,649	438,807,585	(1,104,473)	56%
Delinquent Real Property Taxes	5,858,000	(1,326,633)	4,858,000	(1,000,000)	-23%
Personal Property Taxes	12,412,518	8,235,499	12,756,453	343,935	66%
Delinquent Personal Property Taxes	349,000	(150,571)	349,000	-	-43%
Interest & Penalties on Delinquent Property Taxes	5,580,000	1,472,664	5,580,000	-	26%
	\$ 464,111,576	\$ 252,929,608	\$ 462,351,038	\$ (1,760,538)	54%

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 December 31, 2024. Finance is projecting an increase of \$3.0 million in State Shared Sales Taxes. This is a positive trend that we are projecting to continue into the next fiscal year.

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	50% Target Received/Spent
State Shared Sales Tax	182,000,000	78,043,178	185,000,000	3,000,000	43%
Vehicle License Tax	36,800,000	16,835,439	36,800,000	-	46%
Overhead General Fund	16,162,316	5,017,554	16,162,316	-	31%
Pooled Investment Interest Revenue	5,000,000	2,526,418	5,000,000	-	51%
Federal In Lieu Payment	4,529,000	-	4,529,000	-	0%
Transient Lodging Excise Tax (Stadium)	3,794,400	1,078,064	3,794,400	-	28%
General Government Fees	1,872,155	2,485,470	1,872,155	-	133%
Business Licenses & Permits	3,300,000	1,553,461	3,300,000	-	47%
Alcoholic Beverage Tax	60,000	27,000	60,000	-	45%
City In Lieu Payment	60,000	-	60,000	-	0%
Other Miscellaneous Revenue	2,000	-	2,000	-	0%
Overages & Shortages	(6,000)	(689)	(6,000)	-	11%
	\$ 253,573,871	\$ 107,565,896	\$ 256,573,871	\$ 3,000,000	42%

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 December 31, 2024, which includes the ALTCS refund of \$3.3 million.

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	50% Target Received/Spent
Sheriff	8,246,160	4,575,232	9,195,328	949,168	55%
Justice Court Tucson	5,427,666	2,405,774	5,119,607	(308,059)	44%
Recorder	4,250,000	2,272,530	4,207,871	(42,129)	53%
Clerk of the Superior Court	2,894,538	984,777	2,445,831	(448,707)	34%
Real Property Services	1,556,379	1,314,699	1,569,067	12,688	84%
Medical Examiner	1,514,500	863,649	1,620,899	106,399	57%
Public Defense Services	1,379,190	465,269	1,381,704	2,514	34%
Facilities Management	1,416,767	932,415	1,643,559	226,792	66%
Pima Animal Care	1,332,425	752,063	1,376,692	44,267	56%
Superior Court	754,228	147,301	524,415	(229,813)	20%
Information Technology	732,164	619,419	746,744	14,580	85%
Elections	630,000	153,048	1,150,176	520,176	24%
Communications Office	505,000	252,923	505,695	695	50%
Finance - Mandated Payments	-	3,331,804	3,331,804	3,331,804	0%
	\$ 30,639,017	\$ 19,070,903	\$ 34,819,392	\$ 4,180,375	62%

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 projected to receive \$15.8 million as of Period 6.

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 \$124.6 Million as of Period 6. This increase is due to several unbudgeted Operating Transfers to capital projects such as a new generator for the Ajo Courthouse.

General Fund Expenditures

The General Fund's high-level Period 6 Forecast is outlined below. The Period 6 Forecast projects a \$4.9 million total revenue increase and a \$3.4 million decrease in operating expenditures compared to the Adopted Budget.

Fiscal Year 2024/ 25 Adopted Budget, Year to Date Actual, Forecasted Amounts for the General Fund					
As of December 2024 - Period 6					
Fund Balance Summary	Adopted	Year To Date	Forecasted	Variance	50% 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	382,825,731	763,344,458	6,522,350	51%
Operating Transfers In	17,455,388	11,704,093	15,819,653	(1,635,735)	67%
Total Revenues	774,277,496	394,529,824	779,164,111	4,886,615	51%
Expenditures					
Operating Expenditures	677,333,993	313,520,766	673,974,970	3,359,023	46%
Operating Transfers Out	124,332,935	81,061,665	124,594,080	(261,145)	65%
Reserve	97,945,766	-	-	97,945,766	0%
Total Expenditures	899,612,694	394,582,431	798,569,049	101,043,645	44%
Ending Fund Balance	-	-	112,681,297	112,681,297	
Unrestricted General Fund Reserve			112,681,297		
Unrestricted General Fund Balance - per Board Policy				Over/Under	
	Minimum 17% of Expenditures		\$ 104,292,631	\$ 8,388,666	
			Affordable Housing	1,400,000	
			General Fund Contingency	4,100,000	
Available Unrestricted General Fund Balance after Adjustments				\$ 2,888,666	

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There are two departments that are currently projecting to exceed their budget by at least \$500,000 as of June 30, 2025.

Public Defense Services:

Period 6: \$2,292,710 – Over Budget

- The overage is in contract counsel. While contract attorneys will continue to be utilized as needed, efforts to reduce the cost of outside counsel continue to be an objective.

Sheriff's Department:

Period 6: \$4,877,504 – Over Budget

- Overtime, including Initial Appearance Pay, is forecast to exceed the budget by \$2.6 million, primarily related to jail operations. Costs for food, fuel and utilities have not completely stabilized even with the slowing of inflation.
- The Sheriff's department was required to take a 2% cut in their budget, \$3,472,718. It appears unlikely that they will be able to achieve this reduction.

FY 2025/26 Budget

As outlined in previous memoranda, supplemental budget requests will be reviewed at the February 18, 2025 Board meeting and the Capital Budget Program will be reviewed at the March 18, 2025 Board meeting.

JKL/dym

c: Carmine DeBonis, Jr., Deputy County Administrator
Steve Holmes, Deputy County Administrator
Art Cuaron, Director, Finance and Risk Management
Andy Welch, Deputy Director, Finance and Risk Management