



MEMORANDUM

Date: January 17, 2024

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

From: Jan Leshner 
County Administrator

Re: **Financial Forecast – November 2023**

The following information represents the Financial Forecast as of November 30, 2023, compiled using the forecasts provided by departments for Period 5.

Departments are required to provide a forecast for the fiscal year ending June 30, 2024. 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 established that 17% of the previous year's General Fund audited operating expenditures are to be set aside as an unrestricted General Fund reserve. Although audited financial statements will not be available until March, Finance has projected the General Fund expenditures for Period 15 of FY 2022/23 to be \$607 million. This figure represents an increase from the preceding year, necessitating an adjustment in the General Fund reserve from \$93 million to \$103 million. This revised estimate will be utilized until the audited financial statements become available.

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 5, General Fund Revenues are projected to exceed the budgeted amount by approximately \$1.1 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 November 30, 2023. You will note there is a decrease in Real Property Taxes. Southwest Gas reached a settlement

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with the State tax court that resulted in a reduction of the assessed value of their property, thereby lowering the taxes due. This settlement impacts both Tax Year 2022 and 2023.

Fiscal Year 2023/24 Adopted Budget, Year to Date Actual, Forecasted Amounts for the Property Tax Revenues					
		FY 23/24 BUDGET	Year-to-Date ACTUAL	FY 23/24 PROJECTED	VARIANCE
Real Property Taxes		405,546,477	207,514,923	404,500,000	(1,046,477)
Delinquent Real Property Taxes		5,462,000	2,370,948	4,639,000	(823,000)
Personal Property Taxes		12,932,989	7,193,384	12,932,989	-
Delinquent Personal Property Taxes		326,000	114,830	326,000	-
Interest and Penalties on Delinquent Property Taxes		5,370,000	1,897,591	5,670,000	300,000
		\$ 429,637,466	\$ 219,091,676	\$ 428,067,989	\$ (1,569,477)

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 November 30, 2023. Given the continued increase in interest rates, the County is earning more interest income than anticipated.

Fiscal Year 2023/24 Adopted Budget, Year to Date Actual, Forecasted Amounts for the State and Federal Revenues					
		FY 23/24 BUDGET	Year-to-Date ACTUAL	FY 23/24 PROJECTED	VARIANCE
State Shared Sales Tax		180,000,000	60,645,807	180,000,000	-
Vehicle License Tax		35,000,000	12,965,216	35,000,000	-
Overhead General Fund		15,851,403	6,604,750	15,851,403	-
Pooled Investment Interest Revenue		4,500,000	2,017,001	6,000,000	1,500,000
Federal In Lieu Payment		4,272,000	-	4,398,000	126,000
Transient Lodging Excise Tax (Stadium)		3,641,400	1,055,325	3,641,400	-
General Government Fees		1,625,558	668,120	1,625,558	-
Business Licenses & Permits		3,300,000	851,028	3,300,000	-
Alcoholic Beverage Tax		60,000	12,000	60,000	-
City In Lieu Payment		60,000	(51,908)	60,000	-
Other Miscellaneous Revenue		2,000	4,010	5,000	3,000
Overages & Shortages		(6,000)	(561)	(6,000)	-
		\$ 248,306,361	\$ 84,770,788	\$ 249,935,361	\$ 1,629,000

General Fund Departmental Revenues

General Fund Departmental Revenues are usually fees earned by the department through departmental activities. These activities vary by department but include such things as the following: licenses and permits; charges for services; fines and forfeitures; rental property

income. Below is a table that details the departments which generate the majority of the Departmental Revenues as of November 30, 2023.

Fiscal Year 2023/24 Adopted Budget, Year to Date Actual, Forecasted Amounts for the Departmental Revenue					
		FY 23/24 BUDGET	Year-to-Date ACTUAL	FY 23/24 PROJECTED	VARIANCE
Sheriff		8,246,160	3,286,880	8,248,437	2,277
Justice Courts Tucson		5,427,666	2,042,772	5,427,666	-
Recorder		4,250,000	1,701,536	4,250,000	-
Clerk of the Superior Court		1,763,453	593,795	1,763,453	-
Real Property Services		1,518,665	1,162,636	1,523,519	4,854
Medical Examiner		1,414,500	718,829	1,714,500	300,000
Public Defense Services		1,379,190	571,999	1,371,263	(7,927)
Facilities Management		1,411,624	662,847	1,487,764	76,140
Pima Animal Care		1,214,425	576,942	1,299,693	85,268
Information Technology		732,164	635,849	732,247	83
Elections		603,000	297,152	899,446	296,446
		\$ 27,960,847	\$ 12,251,237	\$ 28,717,988	\$ 757,141

General Fund Operating Transfers In and Transfers Out

There are several types of Operating Transfers which 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. In the forecast, Transfers In are reflected as revenue to the General Fund. The County budgeted to receive approximately \$5.1 million in Transfers In and is now projecting to receive \$5.2 million as of Period 5.

Transfers Out from the General Fund fall into three categories: Capital Projects, Debt Service, and General Fund Support to Non-General Fund Departments. In the forecast, Transfers Out are reflected as expenditures by the General Fund. The County budgeted \$124.7 million in Operating Transfers Out and is currently projecting to spend approximately \$126.2 million as of Period 5.

Fiscal Year 2023/24 Adopted Budget, Year to Date Actual, Forecasted Amounts for the Operating Transfers Out				
	FY 23/24 BUDGET	Year-to-Date ACTUAL	FY 23/24 PROJECTED	VARIANCE
Transfers Out to Capital Projects	28,891,054	888,057	29,759,402	868,348
Transfers Out for Debt Service	60,391,993	29,545,818	60,391,993	-
Transfers Out to Support Non-General Fund Departments	35,454,238	17,439,007	36,050,403	596,165
	\$ 124,737,285	\$ 47,872,883	\$ 126,201,798	\$ 1,464,513

General Fund Expenditures

The General Fund's high-level Period 5 Forecast is outlined below. The initial General Fund Balance is derived from Period 15 data for FY 2022/23, with audited financial statements anticipated by March for that fiscal year. Based on this estimate from Period 15, there is an increase in the available fund balance as of June 30, 2023.

Fiscal Year 2023/24 Adopted Budget, Year to Date Actual, Forecasted Amounts for the General Fund				
As of November Period 5				
Fund Balance Summary	Adopted	Year To Date	Forecasted	Variance
Beginning General Fund Balance	\$ 159,448,967	\$ 168,070,593	\$ 168,070,593	\$ 8,621,626
Revenues				
General Fund Revenues	715,310,722	320,058,351	716,376,252	1,065,530
Operating Transfers In	5,082,815	476,012	5,205,328	122,513
Total Revenues	720,393,537	320,534,363	721,581,580	1,188,043
Expenditures				
Operating Expenditures	662,032,001	254,013,806	661,740,990	291,011
Operating Transfers Out	124,737,285	47,872,883	126,201,798	(1,464,513)
Reserve	93,073,218	-	-	93,073,218
Emergency Reserve		-	-	-
Total Expenditures	879,842,504	301,886,689	787,942,788	91,899,716
Ending Fund Balance	-	186,718,267	101,709,385	101,709,385
Unrestricted General Fund Reserve			101,709,385	
Unrestricted General Fund Balance - per NEW Board Policy				Over/Under
Minimum 17% of Expenditures			\$ 103,226,694	\$ (1,517,309)
Items included in the FY 2024/25 Adopted Budget				
Available Unrestricted General Fund Balance after Adjustments				\$ (1,517,309)

Finance works with all the departments within the County to create the monthly forecasts. As part of this iterative process, each department has unique circumstances that are taken into consideration. These factors can change on a month-to-month basis.

The following departments are forecasted to be over budget on June 30, 2024.

Facilities Management:

Period 2: \$846,535 – Over budget

Period 3: \$365,425 – Over Budget

Period 4: \$535,419 – Over Budget
Period 5: \$645,026 – Over Budget

- Most of this increase is due to the increases in TEP rates. As this increase is linked to inflation, Finance continues to monitor these costs. In a separate [memorandum](#), Finance is recommending the distribution of \$537,867 from the inflation contingency to address this overage in electricity.

Sheriff's Department:

Period 2: \$7,844,374 – Over Budget
Period 3: \$6,151,313 – Over Budget
Period 4: \$5,549,956 – Over Budget
Period 5: \$5,432,426 – Over Budget

- Most of this overage is in personnel services, \$3.9 million in overtime. If this trend holds, this will be a significant decrease in overtime from FY 2022/23, which was \$9.7 million. The Sheriff's Office has put strategies in place to monitor overtime use and established several academies to hire additional Corrections Officers.
- Supplies are forecasted to be over by \$1.5 million. The line items forecasted to be over budget are in areas where inflation has had a significant impact: food supplies and fuel. In a separate [memorandum](#), Finance is recommending the distribution of \$307,394 from the inflation contingency to address the overage in electricity and \$243,306 to address overages in food supplies and fuel.

Public Defense Services (PDS):

Period 2: \$1,374,512 – Over Budget
Period 3: \$2,704,559 – Under Budget
Period 4: \$1,335,753 – Over Budget
Period 5: \$1,571,858 – Over Budget

- The department continues to assess and refine their staffing models. These models are updated every month. In Period 4, PDS projected to hire an additional 6 employees in December. The department was able to hire 4 new employees. Their current staffing plan calls for all vacant positions with the Public Defender bureau to be filled by the end of the year.

- Contract attorneys in the Office of Court Appointed Council are projected to be \$2.3 million over budget due to persistent heightened caseloads. The straight-line projection for contract attorney's shows the department would be over budget approximately \$770,000 as of June 30th. Finance continues to work with the department to monitor this situation.

Non-General Fund Expenses

The following departments/funds are forecasted to be over budget on June 30, 2024.

Community & Workforce Development

Period 5: \$458,112 – Over Budget

- The Regional Affordable Housing fund received an allocation of \$10 million between FY 2022/23 and FY 2023/24, with a budget of \$9.5 million for FY 2023/24. A portion of the funds budgeted for FY 2022/23 were not utilized during that fiscal year but were instead expended in the current fiscal year. These expenses carrying over into the current year are causing the projected overage mentioned above.

Human Resources - Health Benefits Trust:

Period 2: \$2,804,902 – Over Budget

Period 3: \$2,820,374 – Over Budget

Period 4: \$2,624,909 – Over Budget

Period 5: \$2,611,364 – Over Budget

- Similar to the trend observed in FY 2022/23, there is a continual increase in medical and pharmacy claims surpassing initial estimates. At the December 5, 2023, Board of Supervisors meeting, the Board approved the medical and dental insurance premiums for FY 2024/25. These approved premiums included increases to address the upward trend in medical and pharmacy claims and also the shortfall in reserves held by the Trust.

ITD - Enterprise Software:

Period 2: \$ 662,852 – Over Budget

Period 3: \$2,003,359 – Over Budget

Period 4: \$1,793,713 – Over Budget
Period 5: \$1,841,160 – Over Budget

- The annual cost of the Microsoft Enterprise licensing has increased. Additionally, the educational discounts afforded to the Library were discontinued. Subscription costs for all modules of the new ERP were not included in this department's FY 2023/24 Budget. A portion of these charges were budgeted in other departments. These projections are initial estimates and will be finalized in the coming months.

Pima County Wireless Network (WIN):

Period 5: \$308,625 – Over Budget

- The overage in expenses is primarily due to unanticipated equipment replacement required at two towers within the Wireless Integrated Network infrastructure.

Non-General Fund Revenues

Transportation:

Period 5: \$2,391,302 – Under Budget

- Due to a reduced forecast by The Arizona Department of Transportation for its Highway User Revenue Fund collections, the department is projecting a \$2.3 million revenue shortfall. Transportation has identified areas to reduce costs and continues to assess the implications of this on their service delivery in areas other than the Pavement Preservation Program.

Budget Remediation Plans

Board of Supervisors (BOS) Policy [D22.2 – Budget Accountability](#) requires departments that are projecting expenditures to exceed their Appropriated Budget or projecting revenues that are under their Appropriated Budget for the fiscal year, to immediately develop and implement a budget remediation plan.

Attached are the budget remediation plans for all departments projecting expenditures exceeding their Appropriated Budget by \$250,000 or more. As the Sheriff has been

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communicating directly with the Board, there is not a remediation plan detailing the Sheriff's Department efforts.

For departments experiencing overages due to inflation, please reference the Recommended Uses of Inflation Contingency Funds [memorandum](#).

For departments that have indicated a possible need for contingency to cover other overages, Finance and Risk Management will continue to monitor their expenditures and bring recommendations to the BOS during future Monthly Financial Updates, as necessary.

JKL/je

Attachment

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



Budget Remediation Plan

Reset Form

Fiscal Year	Department	Fund
2024	Community & Workforce Development	Regional Affordable Housing
Adopted Expense Budget	Projected Expense	Expense Variance
\$ 9,587,686.00	\$ 10,045,798.00	(\$ 458,112.00)
Adopted Revenue Budget	Projected Revenue	Revenue Variance
\$ 0.00	\$ 24,191.00	\$ 24,191.00
		Overage or Shortfall Amount
		(\$ 433,921.00)

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan addresses the Regional Affordable Housing Fund.

The Special Revenue Funding for the Regional Affordable Housing is subject to recommendations by the Regional Affordable Housing Commission and approval by the Board of Supervisors. FY23 was the first year such funding was allocated for this purpose, and forecasting expenditures has been challenging as the Commission and staff developed priorities and processes for use of the funding.

As part of the FY24 budget process, a supplemental request for an additional \$5M in FY24 funding was submitted, and as CWD staff realized the FY23 funding was unlikely to be expended that year, Finance agreed to request \$4.5M in additional expenditure authority in FY24. In the end, only a very small amount was expended in FY23, and the remainder has been forecasted in FY24, leading to the variance.

CWD is in the process of awarding new projects for gap funding, which are estimated to go to the Board in February. However, contracts will need to be drafted after award that will include payment time frames. Given the complexity of the projects and time frames involved, it is virtually impossible that all funding awarded will be expended in FY24.



2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

N/A



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

CWD will be reducing the forecast for FY24 and plans to request the remaining funding to be in a supplemental request in FY25. In the coming weeks, CWD will prepare its best estimate of how much funding is unlikely to be expended in FY24, reduce the forecast by that amount, and include that amount (plus the additional amount on hand for which there is no budget authority) in its supplemental request for FY25.

4. Please identify the timeframe in which the department projects to be back within budget.

Mid January 2024.

Andrew L. Flagg

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Date: 2024.01.16 13:37:19 -07'00'

01/16/2024

Signature, Appointing Authority or Designee

Date

☒ Finance has reviewed and concurs with plan.

Ellen Moulton

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Date: 2024.01.17 09:10:43 -07'00'

01/17/2024

Signature, Finance & Risk Management Director or Designee

Date

In accordance with BOS Policy [D22.2 Budget Accountability](#), submit completed form by the 1st of the month following a projected overage or shortage to [FIN_Budget_Remediation](#).



Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
<input type="text" value="2024"/>	<input type="text" value="Facilities Management"/>	<input type="text" value="General Fund"/>
Adopted Expense Budget	Projected Expense	Expense Variance
<input type="text" value="\$ 22,436,939.00"/>	<input type="text" value="\$ 23,081,965.00"/>	<input type="text" value="(\$ 645,026.00)"/>
Adopted Revenue Budget	Projected Revenue	Revenue Variance
<input type="text" value="\$ 1,411,624.00"/>	<input type="text" value="\$ 1,487,764.00"/>	<input type="text" value="\$ 76,140.00"/>
		Overage or Shortfall Amount
		<input type="text" value="(\$ 568,886.00)"/>

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan addresses the Facilities Management Department's General Fund.

5301 - Electricity \$742,660 over - due to rate increases from TEP
5303 - Natural Gas \$218,066 over - due to year round gas usage at the Historic Courthouse to control comfort and humidity levels.

2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

N/A



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

FM is cutting back on heating and cooling where possible, working to educate staff to conserve electricity; and discouraging use of facilities after hours. Significant reductions in this cost is not feasible.

Note: FM is closely monitoring actual electric expense vs the predicted expense. Currently, the accuracy of the predicted amount is at 95%. Our forecasted amount is based on those numbers.

4. Please identify the timeframe in which the department projects to be back within budget.

FM respectfully requests an adjustment to the budget from the Utility Contingency.

Finance & Risk Management has completed an analysis and agree that the usage of Utility Contingency is required.

Tony Cisneros

Digitally signed by Tony Cisneros
Date: 2024.01.16 16:51:02 -07'00'

01/16/2024

Signature, Appointing Authority or Designee

Date

☒ Finance has reviewed and concurs with plan.

Ellen Moulton

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Date: 2024.01.17 09:11:10 -07'00'

01/17/2024

Signature, Finance & Risk Management Director or Designee

Date

In accordance with BOS Policy [D22.2 Budget Accountability](#), submit completed form by the 1st of the month following a projected overage or shortage to [FIN_Budget_Remediation](#).



Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
2024	Human Resources	Health Benefit Self Insurance
Adopted Expense Budget	Projected Expense	Expense Variance
\$ 90,066,082.00	\$ 92,677,446.00	(\$ 2,611,364.00)
Adopted Revenue Budget	Projected Revenue	Revenue Variance
\$ 90,015,990.00	\$ 90,921,062.00	\$ 905,072.00
		Overage or Shortfall Amount
		(\$ 1,706,292.00)

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan addresses the Human Resources Department's Health Benefit Trust.

The Health Benefit Trust is experiencing higher than expected medical and pharmacy claims expenses resulting in an overage that is currently projected to be \$2,500,000. The remainder of the overage is due to voluntary benefit elections made by County staff exceeding the budgeted amount by \$111,364. This results in a total projected expense overage in the amount of \$2,611,364.

2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

There is a favorable revenue variance that is helping offset the expenditure overage mentioned above.

Revenue forecast is projected to be \$905,072 over the adopted FY24 budget. This increase is primarily due to the following reasons:

More employees have enrolled in the County's health benefit plan than anticipated during the creation of the FY24 budget and fewer enrollees qualified for the healthy lifestyle discounts. These factors have lead to a projected revenue increase of \$450,000 over what was budgeted for FY 24.

In addition, more employees voluntarily enrolled in other benefit elections than what was budgeted for in FY 24. This has lead to a projection of an additional \$390,000 in revenue over what was budgeted in FY 24.

Human Resource and Finance Department will monitor on a monthly basis the revenue receipts for the Trust and the amount of employees enrolled in the plan.



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

To help offset a portion of the increase in medical and pharmacy claims for FY24, Human Resources will make an equivalent expenditure reduction from the following nine (9) object codes in the total amount of \$156,400:

5000 - Office Supplies - \$3,000 reduction
5002 - Computer Equipment - \$900 reduction
5003 - Food Supplies - \$500 reduction
5015 - Promotional Items - \$7,000 reduction
5018 - Other Operating Supplies - \$10,000 reduction
5021 - Furniture - \$2,000 reduction
5138 - In State Training - \$8,000 reduction
5152 - Other Professional Services - \$100,000 reduction
5312 - Other Miscellaneous Charges - \$25,000 reduction

Human Resources is working with the Finance Department to have all of the expenditure reductions reflected in the FY24 Period 6 forecast. Human Resources has communicated within the internal department team to ensure they are aware of reductions in supplies and services in order to reduce spending by \$156,400.

4. Please identify the timeframe in which the department projects to be back within budget.

Human Resources does not believe the impact of increased medical and pharmacy claims costs and other overages will align with the adopted budget amount for FY24. Therefore, Human Resources is requesting the remaining expenditure budget capacity be taken from the County contingency fund in the amount of \$2,454,964. This is strictly a request for additional budget authority and not a request for a cash transfer. Human Resources will work with Finance and Risk Management on a monthly basis to determine when the budget capacity is needed and will proceed with the transfer at that time.

In addition, the medical rates that were approved during the December 5, 2023, Board of Supervisors meeting, that are effective for FY25, included an amount to recover this projected shortfall for FY24.

Cathy Bohland

Digitally signed by Cathy Bohland
DN: cn=Cathy Bohland, o=Pima County, ou=Human Resources,
email=cathy.bohland@pima.gov, c=US
Date: 2024.01.16 14:32:11 -0700

Signature, Appointing Authority or Designee

01/16/2024

Date

☒ Finance has reviewed and concurs with plan.

Ellen Moulton

Digitally signed by Ellen Moulton
Date: 2024.01.17 09:11:32 -0700

Signature, Finance & Risk Management Director or Designee

01/17/2024

Date

In accordance with BOS Policy [D22.2 Budget Accountability](#), submit completed form by the 1st of the month following a projected overage or shortage to [FIN_Budget_Remediation](#).



Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
2024	Information Technology	IT Software Licensing
Adopted Expense Budget	Projected Expense	Expense Variance
\$ 5,040,856.00	\$ 6,882,016.00	(\$ 1,841,160.00)
Adopted Revenue Budget	Projected Revenue	Revenue Variance
\$ 4,952,944.00	\$ 4,962,826.00	\$ 9,882.00
		Overage or Shortfall Amount
		(\$ 1,831,278.00)

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan addresses the Information Technology Department's Internal Service Fund.

Increases to the projected expenses are the result of several factors:

1) Microsoft Enterprise Agreement - Renewal of the county's Microsoft Enterprise Agreement contained significant unforeseen inflationary increases as part of a new 3 year agreement. This also included increased licensing with the addition of the Sheriff Dept, Recorder's Office and Treasurer. Also, loss of previous educational discounts for the licenses issued to the Library.

Overage: Approximately \$912,304

2) ERP expenses - forecasted expenses for the new Enterprise Resource Platform (ERP) for the last quarter of FY24 (Apr-Jun). These estimated costs are based on the current "go-live" date of 4/1/2024. These costs are currently being charged to the ERP Capital Project.

Overage: Approximately \$842,302 (as forecasted in IT)

Projected total expenditure increase = \$1.8M

2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

Revenues are currently projected to exceed budget for this Unit by \$9,882. Increased revenues are from greater than anticipated Miscellaneous Revenues derived from adjustments to allocations.



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

To remediate increased expenses, IT suggests the use of General Fund vacancy savings of approximately \$580,145.

The department has identified an additional savings of \$379,304 in Computer Hardware.

Department is unable to cover County's unbudgeted ERP expense of \$842,302.

4. Please identify the timeframe in which the department projects to be back within budget.

Remediation for Microsoft increases can be accomplished with an immediate Budget Adjustment from IT General Fund to IT Internal Service Fund 6013.

Department recommends use of contingency for unbudgeted ERP expenses.

Javier Baca

Digitally signed by Javier Baca
DN: cn=Javier Baca, o=Pima County, ou=Information Technology Department,
email=javier.baca@pima.gov, c=US
Date: 2024.01.17 09:02:29 -0700

Signature, Appointing Authority or Designee

01/17/2024

Date

☒ Finance has reviewed and concurs with plan.

Ellen Moulton

Digitally signed by Ellen Moulton
Date: 2024.01.17 09:13:58 -07'00'

Signature, Finance & Risk Management Director or Designee

01/17/2024

Date

In accordance with BOS Policy [D22.2 Budget Accountability](#), submit completed form by the 1st of the month following a projected overage or shortage to [FIN_Budget_Remediation](#).



Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
<input type="text" value="2024"/>	<input type="text" value="Public Defense Services"/>	<input type="text" value="General Fund"/>
Adopted Expense Budget	Projected Expense	Expense Variance
<input type="text" value="\$ 38,345,951.00"/>	<input type="text" value="\$ 39,917,829.00"/>	<input type="text" value="(\$ 1,571,878.00)"/>
Adopted Revenue Budget	Projected Revenue	Revenue Variance
<input type="text" value="\$ 1,379,190.00"/>	<input type="text" value="\$ 1,371,263.00"/>	<input type="text" value="(\$ 7,927.00)"/>
		Overage or Shortfall Amount
		<input type="text" value="(\$ 1,579,805.00)"/>

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan addresses the Public Defense Services General Fund.

In FY23, the County Administrator authorized an increase in misdemeanor rates and payment for travel to Office of Court Appointed Counsel attorneys outside of Tucson, however our budget was not increased to pay for these actions. The costs were \$332,500 and \$395,382 respectively. In addition, the cost of contracted attorneys is projected to cost \$2.2M more than the budgeted amount.

We must provide counsel to every indigent person as mandated by the US Constitution and Arizona Statute. We do not have the option of cutting services. The majority of our caseloads are dictated by the Pima County Attorney's Office filings.

2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

N/A



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

We have been historically underfunded. Since Fiscal Year 2018-2019, contingency funds were required to close out the fiscal years, as follows:

FY19 \$1,353,000 FY20 \$1,035,000 FY21 \$2,070,466 FY23 \$817,882

*PDS received a base budget increase in FY22 of \$2,150,000

We currently have 41 vacancies with a 12 month turnover of 18.35%. Of our vacancies, 24 are Attorney positions. We recruit continuously and were hopeful Steps 1 and 2 of the Class and Comp Study would attract more employees, but that has not materialized. The cost of contracted attorneys outpaces the cost of employees. The vacancy savings from budgeted FTE's covers a portion of the contracted attorneys but is not enough to completely offset the more expensive contracted attorneys option.

In addition, the case filings continue to climb as can be seen below:

Felony	FY19	11,251	FY20	12,622	FY21	11,005	FY22	12,563	FY23	14,028
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Misdemeanor	FY19	2,457	FY20	1,856	FY21	2,330	FY22	1,631	FY23	2,223
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Dependencies	FY19	3,714	FY20	4,307	FY21	3,968	FY22	3,613	FY23	3,283
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Title 36	FY19	2,972	FY20	3,510	FY21	3,802	FY22	3,627	FY23	4,080
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We request a permanent base budget increase from contingency funds of \$1,571,878, to cover the variance between the Revised Expense Budget of \$38,345,951.00 and the Forecasted Expense of \$39,917,829.

4. Please identify the timeframe in which the department projects to be back within budget.

We will continue to diligently review expenses utilizing expenditure approval routes and seek to reduce costs where able.

The department will continue to work with Finance and Risk Management on a monthly basis to re-evaluate the expense shortfall and identify potential savings in all areas.

Signature, Appointing Authority or Designee

01/16/2024

Date

☐ Finance has reviewed and concurs with plan.

Ellen Moulton

Digitally signed by Ellen Moulton
Date: 2024.01.17 09:11:52 -07'00'

Signature, Finance & Risk Management Director or Designee

01/17/2024

Date

In accordance with BOS Policy [D22.2 Budget Accountability](#), submit completed form by the 1st of the month following a projected overage or shortage to [FIN_Budget_Remediation](#).



Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
<input type="text" value="FY2024"/>	<input type="text" value="Transportation"/>	<input type="text" value="Transportation Operations"/>
Adopted Expense Budget	Projected Expense	Expense Variance
<input type="text" value="\$ 65,811,003.00"/>	<input type="text" value="\$ 63,371,959.00"/>	<input type="text" value="\$ 2,439,044.00"/>
Adopted Revenue Budget	Projected Revenue	Revenue Variance
<input type="text" value="\$ 79,892,264.00"/>	<input type="text" value="\$ 77,500,962.00"/>	<input type="text" value="(\$ 2,391,302.00)"/>
		Overage or Shortfall Amount
		<input type="text" value="\$ 47,742.00"/>

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan address the Department of Transportation's Operations Fund.

Expenses are not forecasted to exceed the budgeted amount for FY24.

2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

Arizona Department of Transportation has updated their 10 year forecast for Highway User Revenue Fund (HURF) and Vehicle License Tax (VLT). The updated forecast is lower than the projected revenue in the adopted FY24 budget. The HURF forecast (object 4115) has decreased by \$1,950,367 and the VLT forecast (object 4117) has decreased by \$593,880. HURF and VLT represent 98% of DOT's revenues; any decrease in revenues results in a decrease in either service delivery or ability to fund and deliver future improvements. ADOT's reduced revenue forecast will also affect future fiscal years.



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

The Transportation Department (DOT) is primarily funded by HURF and VLT, the only option to remediate the reduction in revenues is to make an equivalent reduction to expenditures. DOT has reviewed all expenditures with changes to nearly every object codes. The primary reductions were made in seven (7) object codes:

5001 - New Software under \$5M - \$200,000 reduction
5010 - Repair & Maintenance Supplies - \$300,000 reduction
5034 - Aggregates for Non-Pavement Construction - \$400,000 reduction
5037 - Street Signals and Lighting - \$150,000 reduction
5114 - Engineering Services - \$200,000 reduction
5151 - R&M Grounds and Landscaping - \$500,000 reduction
5152 - Other Profession Services - \$300,000 reduction

These reductions in expenses will have no impact to the FY24 Pavement Preservation program. These reductions are in other operational areas of DOT.

4. Please identify the timeframe in which the department projects to be back within budget.

The Transportation Department is working with the Finance Department to have all of the expenditure reductions reflected in the FY24 Period 5 forecast. DOT and Finance will monitor the actual revenue receipts on a monthly basis and make adjustments as necessary, either increasing expenditures if the revenues come in stronger than currently projected or decreasing expenditures if collections further weaken.

Kathryn Skinner

Digitally signed by Kathryn Skinner
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email=Kathryn.Skinner@pima.gov, c=US
Date: 2024.01.16 13:58:54 -0700

Signature, Appointing Authority or Designee

01/16/2024

Date

☒ Finance has reviewed and concurs with plan.

Ellen Moulton

Digitally signed by Ellen Moulton
Date: 2024.01.17 09:12:20 -07'00'

Signature, Finance & Risk Management Director or Designee

01/17/2024

Date

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Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
<input type="text" value="2024"/>	<input type="text" value="Pima County Wireless Network"/>	<input type="text" value="PCWIN Special Revenue"/>
Adopted Expense Budget	Projected Expense	Expense Variance
<input type="text" value="\$ 3,382,975.00"/>	<input type="text" value="\$ 3,691,600.00"/>	<input type="text" value="(\$ 308,625.00)"/>
Adopted Revenue Budget	Projected Revenue	Revenue Variance
<input type="text" value="\$ 4,168,101.00"/>	<input type="text" value="\$ 4,221,492.00"/>	<input type="text" value="\$ 53,391.00"/>
		Overage or Shortfall Amount
		<input type="text" value="(\$ 255,234.00)"/>

1. Identify the line item and provide an explanation as to why expenses are expected to exceed the budgeted amount.

Please note that the Revised Budget is used to calculate the variances due to the impact of the Board of Supervisors approved Classification and Compensation adjustment. This remediation plan address the Wireless Integrated Network Department's Operations Fund.

The expense overage is due to unanticipated equipment replacement required at two of the towers within the Wireless Integrated Network infrastructure. In addition, a new master agreement is being evaluated.

2. Identify the line item and provide an explanation as to why revenues are expected to fall short of the budgeted amount.

N/A



Budget Remediation Plan

3. Explain the steps the department will take or has taken to remediate the situation.

The department continues to evaluate the equipment replacement costs and will determine the best course of action in the coming months. The current forecast anticipates a high cost for the equipment but will be adjusted as more information is obtained.

4. Please identify the timeframe in which the department projects to be back within budget.

The department will review costs in other areas and collaborate with Finance and Risk Management on a monthly basis to determine if there is an opportunity to save in other areas to cover the cost of the equipment or a portion of the equipment cost. It is anticipated that the equipment cost and master agreement cost will be solidified over the next few months.

Robert Meredith

Digitally signed by Robert Meredith
DN: cn=Robert Meredith, o=Pima County Government, ou=PCWIN,
email=robert.meredith@pima.gov, c=US
Date: 2024.01.16 12:34:09 -07'00'

Signature, Appointing Authority or Designee

01/16/2024

Date



Finance has reviewed and concurs with plan.

Ellen Moulton

Digitally signed by Ellen Moulton
Date: 2024.01.17 09:12:58 -07'00'

Signature, Finance & Risk Management Director or Designee

01/17/2024

Date

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