



MEMORANDUM

Date: September 29, 2022

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

From: Jan Leshner 
County Administrator

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

As stated in my September 20, 2022, Budget Process [Memorandum](#) to the Board of Supervisors, I committed to providing the Board with monthly financial information during the budget process. The following information is the first of these reports, compiled using Period 2 Department forecasts.

Actual Revenues and Expenditures are posted to the financial systems on a daily basis. At the end of August and every month thereafter, 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. These forecasts are compared to the Adopted Budget. Many departments elect to forecast as "on budget" for the first several months of the year. This year, Finance is taking a more active role in forecasting the Personnel Expenditures, as documented in the attached September 6, 2022 memo. Finance and Risk Management, working with Analytics & Data Governance, are working to create an automated process for calculating vacancy savings. This change will be effective with the September forecast that will be provided to you at the end of October. Understanding Vacant Positions and Vacancy Savings is critical to generating an accurate forecast. Therefore, the forecast below for August does not include any of the proposed changes recommended in the October 4, 2022 – Fund Balance Policy for the General Fund [Memorandum](#).

Fiscal Year 2022/23 Adopted Budget, Year to Date Actuals, Forecasted Amounts for the General Fund				
As of August 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	27,214,008	660,296,817	7,361,213
Net Operating Transfers In (Out)	(110,831,830)	(9,029,816)	(109,611,124)	1,220,706
Expenditures				
Operating Expenditures	628,715,023	96,962,975	627,324,315	1,390,708
Reserve	41,177,804		2,000,000	39,177,804
Emergency Reserve	10,000,000	-	-	10,000,000
Total Expenditure	679,892,827	96,962,975	629,324,315	50,568,512
Ending Fund Balance	-	94,428,075	94,568,236	94,568,236
Unrestricted General Fund Reserve			94,568,236	
Unrestricted General Fund Balance - per proposed NEW Board Policy				Over/Under
Minimum 17% of Expenditures			93,073,218	1,495,018

Currently, four departments are forecasted to be significantly over budget at year-end, June 30, 2023.

Summary of Significant Variances	Net Fund Impact			
	Adopted	Year to Date	Forecasted	Variance
General Fund				
Human Resources	(6,129,798)	(996,099)	(6,932,459)	(802,661)
Sheriff	(145,580,002)	(24,087,549)	(149,152,375)	(3,572,373)
Superior Court	(41,145,806)	(7,701,091)	(42,186,165)	(1,040,359)
Non-General Fund				
Human Resources - Health Benefits Trust	800,766	2,090,826	(834,484)	(1,635,250)
Wastewater Debt Service	(17,709,898)	(2,863,961)	(19,354,034)	(1,644,136)

Human Resources: \$802,661

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: \$3,572,373

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: \$1,040,359

The Superior Court absorbed the responsibility for the information technology infrastructure for the Clerk of the Court. The overage is due to the cost of the remediation plan.

Human Resources – Health Benefit Trust: \$1,635,250

The Health Benefit Trust is experiencing two issues. The current level of vacant positions will create a budgeted revenue shortfall of approximately \$2.3 million. Due to this same issue, the County will not have to fund approximately \$640,000 of HSA contributions which offsets the shortfall.

Wastewater Debt Service: \$1,644,136

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.

The Honorable Chair and Members, Pima County Board of Supervisors
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As this is the first of these reports, please let us know if you require any additional information. Additionally, if you have specific questions, you can reach out directly to Ellen Moulton, Director of Finance and Risk Management.

JKL/anc

Attachment

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



MEMORANDUM

Date: September 6, 2022

To: The Honorable Chair and Members
Pima County Board of Supervisors
Presiding Judge, Superior Court
Elected Officials
Department Directors

From: Jan Lesner 
County Administrator

Re: **Fiscal Year 2022/23 Department Forecasting**

Financial forecasts are essential to the success of our organization as they assist County Administration through the Board of Supervisors (BOS) with making sound strategic decisions in the best interest of the citizens of Pima County. As department representatives prepare to complete their first forecast of FY 23, I would like to reinforce the importance of this task and outline some changes that we are making to this year's process.

At the direction of the BOS, the Department of Finance & Risk Management has been tasked through County Administration to develop timely and relevant monthly financial reports. These reports will provide the BOS with greater visibility into the financial performance of each department throughout the fiscal year. As described in the [Fiscal Year 2023-24 Budget Process](#) memorandum, these reports will also help establish the County's budget priorities for the next fiscal year.

To ensure consistent reporting of vacant positions throughout the County, I have tasked Finance & Risk Management with calculating the forecasted personnel expenditures for all departments throughout this fiscal year. As previously stated in the June 7, 2022 [Additional Pay Increase Scenario](#) memorandum, the first two months of vacancy savings will be used to fund a portion of the salary adjustments that went into effect the first full pay period of this fiscal year. Your Finance contact is available to ensure you have all the resources you need to communicate your department's current financial position. We appreciate your support and efforts as we move towards improved financial transparency.

JKL/anc

c: Carmine DeBonis, Jr., Deputy County Administrator
Francisco García, Deputy County Administrator and Chief Medical Officer
Steve Holmes, Deputy County Administrator
Ellen Moulton, Director, Finance and Risk Management
Regina Kelly, Director, Grants Management & Innovation
Andy Welch, Deputy Director, Finance and Risk Management
Xavier Rendon, Budget Division Manager, Finance and Risk Management