



MEMORANDUM

Date: May 30, 2023

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

From: Jan Leshner 
County Administrator

Re: **Balanced Budget Questions**

During the May 16, 2023, Board of Supervisors' meeting, concerns were expressed during the Call to the Public regarding the FY 2023/24 Recommended Budget. I want to emphasize that the FY 2023/24 Recommended Budget is indeed balanced.

The foundation of effective budgetary and fiscal management lies in establishing a solid budget framework. A balanced budget serves as a crucial element, ensuring that the rise in expenditures needed to maintain current service levels aligns with the growth of tax revenues and other sources of income.

Calculating a balanced budget involves various line items outlined in Attachment 3 of the Tentative Budget Adoption for FY 2023/24 memorandum. The following items are included in this calculation:

- Revenues – Primarily property tax revenues for the General Fund, but also fees for services, rents, State shared sales taxes, etc.
- Transfers In – Similar to revenues, but generated internally between different departments within the County
- Other Financing Sources – Primarily proceeds from the issuance of debt
- Expenditures – Goods and services purchased from third parties
- Transfers Out – Similar to expenditures, but are generated by the movement of funding between departments within the County
- Fund Balance – Accumulation of financial resources available for use

Below is a breakdown of the General Fund Budget, including the planned spending of Fund Balance totaling \$159,448,967. It is important to note that the majority of these funds are specifically designated for the Fund Balance Reserve or contingency. Preserving these funds is a precautionary measure, as they will only be utilized if necessary to address unforeseen circumstances. Including these resources in the budget allows for the flexibility to access and allocate them when needed.

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The Honorable Chair and Members, Pima County Board of Supervisors
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Tentative Adopted Budget for FY 2023/24		General Fund
Property Tax Revenue		\$ 429,637,466
Secondary Property Tax Revenue		-
Estimated Revenues Other than Property Taxes		285,673,256
Total Revenues		715,310,722
Other Financing Sources		-
Transfers In		5,082,815
Total Revenues and Other Financing Sources		\$ 720,393,537
Budgeted Expenditures		\$ 755,105,219
Transfers Out		124,737,285
Total Expenditures and Transfers Out		\$ 879,842,504
Difference between Revenues and Other Financing Sources and Expenditures and Transfers Out		\$ (159,448,967)
Ending Fund Balance for FY 2022/23 as of February Forecast		\$ 159,448,967
	Difference	\$ -
Uses of Fund Balance		
General Fund Balance Reserve		93,073,218
Potential Salary Increases		14,000,000
General Fund Department Increases		10,406,866
Potential State Cost Shifts		7,900,000
General Fund Supplemental Requests		7,746,695
Benefit Cost Increases for FY 2023/24		7,067,650
Contingency for Inflation		5,000,000
Contingency for Personnel Policy Changes		5,000,000
Increases in Internal Service Funds Costs		4,018,310
Potential Elected Official Retirement Plan Increase		2,000,000
Corrections Officers Raises for FY 2023/24		1,700,000
Reduction in General Fund Revenues from Natural Resources Parks & Recreation		1,200,000
Sheriff's Recruitment and Retention Stipend Benefits for FY 2023/24		336,228
Uses of Fund Balance		\$ 159,448,967

JKL/anc

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
 Andy Welch, Deputy Director, Finance and Risk Management
 Xavier Rendon, Budget Manager, Finance and Risk Management
 Monica Perez, Chief of Staff, County Administrator's Office