



MEMORANDUM

Date: December 1, 2025

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

From: Jan Leshner 
County Administrator

Re: **Financial Forecast – October 2025 Period 4**

The following information represents the November Financial Forecast based on actual expenditures as of October 31, 2025.

Departments are required to provide a forecast for the fiscal year ending June 30, 2026. 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 percent of the previous year's General Fund audited operating expenditures be set aside as an unrestricted General Fund reserve. This requirement was temporarily reduced to 15 percent for the Fiscal Year (FY) 2025/26 Adopted Budget. Accordingly, the FY 2025/26 required General Fund reserve balance is approximately \$92.0 million.

General Fund Revenues

General Fund revenues are comprised of three main sources: local property taxes, state and federal revenues, and departmental revenues. As of Period 4, General Fund revenues are projected to exceed the budgeted amount by approximately \$842,000, primarily driven by an approximately \$881,000 increase in State Shared Sales 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 October 31, 2025. The forecast projects a variance in property tax revenues which is due to the following factors:

- a) Delinquent real property taxes decreased by \$200,000 as a result of FY 2024/25 collections exceeding expectations, leaving less delinquent revenue to collect in FY 2025/26.

- b) Delinquent interest revenues decreased by \$300,000 as a result of taxpayers making timely payments.
- c) Unsecured personal property taxes increased by \$244,425, reflecting a 2.9 percent rise in net assessed value in the actual billing roll compared to the December 2024 planning roll used for the budget.

Fiscal Year 2025/26 Adopted Budget, Year to Date Actual, Projected Amounts for the Property Tax Revenues

	FY 25/26 Budget	FY25/26 Actuals as of October	FY 25/26 Projected as of November	Variance	33% Target Received/Spent
Real Property Taxes	474,438,395	119,678,703	474,438,395	-	25%
Delinquent Real Property Taxes	5,443,800	1,600,541	5,243,800	(200,000)	29%
Personal Property Taxes	11,886,945	5,458,113	12,131,370	244,425	46%
Delinquent Personal Property Taxes	324,000	69,973	324,000	-	22%
Interest & Penalties on Delinquent Property Taxes	5,990,000	1,140,078	5,690,000	(300,000)	19%
	<u>\$ 498,083,140</u>	<u>\$ 127,947,408</u>	<u>\$ 497,827,565</u>	<u>\$ (255,575)</u>	<u>26%</u>

State, Federal, and Other Non-Departmental Revenues

Non-Departmental Revenues are a composite of various General Government revenues that are not associated with an individual department. Below is a table listing the types of revenues as of October 31, 2025. Finance is projecting an increase of approximately \$681,000, driven by two factors: an approximate \$881,000 increase in State Shared Sales Taxes, as collections for the first two months of the fiscal year were slightly higher than expected, partially offset by a projected \$200,000 decrease in Pooled Investment Interest Revenue. The decrease in interest revenue reflects the Treasurer's Office recovering approximately \$800,000 in prior overpayments resulting from overstated investment earnings, partially offset by \$600,000 in higher than budgeted interest returns.

Fiscal Year 2025/26 Adopted Budget, Year to Date Actual, Projected Amounts for the State and Federal Revenues

	FY 25/26 Budget	FY25/26 Actuals as of October	FY 25/26 Projected as of November	Variance	33% Target Received/Spent
State Shared Sales Tax	187,118,653	44,408,664	188,000,000	881,347	24%
Vehicle License Tax	37,032,709	10,982,888	37,032,709	-	30%
Overhead General Fund	14,800,484	4,933,495	14,800,484	-	33%
Pooled Investment Interest Revenue	6,250,000	927,107	6,050,000	(200,000)	15%
Federal In Lieu Payment	4,808,000	-	4,808,000	-	0%
Transient Lodging Excise Tax (Stadium)	3,604,000	612,519	3,604,000	-	17%
General Government Fees	2,030,262	681,610	2,030,262	-	34%
Business Licenses & Permits	3,100,000	931,585	3,100,000	-	30%
Alcoholic Beverage Tax	60,000	9,000	60,000	-	15%
City In Lieu Payment	60,000	53,609	60,000	-	89%
Other Miscellaneous Revenue	2,000	8,889	2,000	-	444%
Overages & Shortages	(6,000)	(396)	(6,000)	-	7%
	<u>\$ 258,860,108</u>	<u>\$ 63,548,970</u>	<u>\$ 259,541,455</u>	<u>\$ 681,347</u>	<u>25%</u>

General Fund Departmental Revenues

General Fund Departmental Revenues consist of fees collected by departments through their various activities. These activities differ by department and include items such as licenses

and permits, charges for services, fines and forfeitures, and rental property income. The table below summarizes the departments generating the majority of Departmental Revenues as of October 31, 2025.

Fiscal Year 2025/26 Adopted Budget, Year to Date Actual, Projected Amounts for the Departmental Revenues

	FY 25/26 Budget	FY25/26 Actuals as of October	FY 25/26 Projected as of November	Variance	33% Target Received/Spent
Sheriff	8,246,631	3,322,194	8,246,631	-	40%
Justice Court Tucson	5,427,666	2,009,565	5,628,009	200,343	37%
Recorder	9,322,290	1,281,333	9,322,290	-	14%
Clerk of the Superior Court	2,541,385	691,215	2,385,472	(155,913)	27%
Real Property Services	1,556,379	1,062,600	1,565,506	9,127	68%
Medical Examiner	1,910,000	694,853	1,910,624	624	36%
Public Defense Services	1,379,190	345,040	1,379,826	636	25%
Facilities Management	1,560,305	573,465	1,565,630	5,325	37%
Pima Animal Care	1,332,425	508,102	1,209,875	(122,550)	38%
Superior Court	754,228	138,001	754,228	-	18%
Information Technology	732,164	104,088	742,028	9,864	14%
Elections	2,163,482	22,951	2,163,482	-	1%
Communications Office	505,000	196,943	505,000	-	39%
	\$ 37,431,145	\$ 10,950,351	\$ 37,378,600	\$ (52,546)	29%

General Fund Expenditures

Based on the Period 4 forecast and working with the individual departments, the General Fund is currently projected to realize approximately \$3.4M in expenditure savings. This projection is preliminary and based on very early estimates of expenses in personal, non-personnel and contracted services and is expected to experience adjustments in both known and unknown expenditure areas as the fiscal year advances.

General Fund Summary and Fund Balance Overview

The General Fund's high-level Period 4 Forecast is summarized below. It projects an approximate \$779,000 increase in total revenue, and approximately \$3.4 million in expenditure savings compared to the Adopted Budget.

As previously noted, the General Fund reserve for FY 2025/26 is set at \$92,022,910. For FY 2026/27, the reserve requirement is recommended to return to 17 percent, which would bring the projected reserve to \$103,367,589, or \$11,344,679 higher than the current year, based on estimated expenditures.

The Honorable Chair and Members, Pima County Board of Supervisors
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Fiscal Year 2025/26 Adopted Budget, Year to Date Actual, Forecasted Amounts for the General Fund
As of October 2025 - Period 4

Fund Balance Summary	Adopted	FY25/26 Actuals as of October	FY 25/26 Projected as of November	Variance	33% Target Received/Spent
Beginning General Fund Balance	\$ 118,366,104	\$ 126,746,493	\$ 126,746,493	\$ 8,380,389	
Revenues					
General Fund Revenues	802,571,937	204,537,453	803,414,080	842,143	25%
Operating Transfers In	26,811,168	22,879,203	26,748,326	(62,842)	85%
Total Revenues	829,383,105	227,416,656	830,162,406	779,301	27%
Expenditures					
Operating Expenditures	722,048,028	223,767,945	718,633,771	3,414,257	31%
Operating Transfers Out	133,678,271	40,108,897	133,915,794	(237,523)	30%
Total Expenditures	855,726,299	263,876,842	852,549,565	3,176,734	31%
Ending Fund Balance	92,022,910	-	104,359,334	12,336,424	
Unrestricted General Fund Reserve			104,359,334		

Unrestricted General Fund Balance - per Board Policy

		Over/Under
FY 2025/26 Minimum 15% of Expenditures	\$ 92,022,910	\$ 12,336,424
Short-Term Crisis Funding		(838,390)
Available Unrestricted General Fund Balance after Adjustments		\$ 11,498,034

Unrestricted General Fund Balance - per Board Policy - FY 26/27 Projection

		Over/Under
FY 2026/27 Minimum 17% of Expenditures	\$ 103,367,589	\$ 991,745
Short-Term Crisis Funding		(838,390)
Available Unrestricted General Fund Balance after Adjustments		\$ 153,355

General Fund Contingency

The Adopted Budget for FY 2025/26 included a General Fund contingency of \$1.0 million. As of Period 4, \$106,305 has been allocated to Human Resources to support pay strategies for "In-Demand" job classifications, leaving a remaining contingency balance of \$893,695.

Summary

The performance and forecast for FY 2025/26 through Period 4 indicates a stable fiscal outlook, with revenues exceeding projections and expenditures trending lower than budget. While these results are positive, continued monitoring of financial performance is critical. We will closely track trends, both favorable and concerning, and provide monthly updates to the Board of Supervisors to ensure timely awareness and informed decision-making.

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- 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