MEMORANDUM

Date: August 7, 2026

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

From: Jan Lesher
County Administrator

Re: **Financial Update – July 2026**

The following is the current Financial Forecast based on information available as of July 2026.

Departments are required to provide a forecast for the fiscal year ending June 30, 2027. 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 FY 2026/27 Adopted Budget. Accordingly, the FY 2026/27 required General Fund reserve balance is approximately $94.1 million.

General Fund Revenues

General Fund revenues are comprised of three primary sources: local property taxes, state and federal revenues, and departmental revenues. For the FY 2026/27 Adopted Budget, General Fund revenues are projected to total $850.6 million. The primary revenue sources are local property taxes budgeted at $530.6 million, state sales tax budgeted at $202.0 million, Auto License Tax budgeted at $39.3 million, and other revenues totaling $78.7 million.

Property Tax Revenues

Property tax revenues are comprised of three categories: Real Property Taxes, Personal Property Taxes, and interest and penalties on delinquent taxes. The table below summarizes each category of property tax revenue and its FY 2026/27 budget.

Fiscal Year 2026/27 Aopted Budget and Projected Amounts for the Property Tax Revenues

	FY 26/27 Budget	FY 26/27 Projected as of July	Variance
Real Property Taxes	508,349,720	508,349,720	-
Delinquent Real Property Taxes	5,745,600	5,745,600	-
Personal Property Taxes	10,499,387	10,499,387	-
Delinquent Personal Property Taxes	297,000	297,000	-
Interest & Penalties on Delinquent Property Taxes	5,680,000	5,680,000	-
	$ 530,571,707	$ 530,571,707	$ -

State, Federal, and Other Non-Departmental Revenues

Non-Departmental Revenues consist of various General Government revenue sources that are not associated with an individual department. The table below lists these revenue types and their corresponding FY 2026/27 budget amounts.

Fiscal Year 2026/27 Adopted Budget and Projected Amounts for the State and Federal Revenues

	FY 26/27 Budget	FY 26/27 Projected as of July	Variance
State Shared Sales Tax	202,000,000	202,000,000	-
Vehicle License Tax	39,270,173	39,270,173	-
Overhead General Fund	15,401,305	15,401,305	-
Pooled Investment Interest Revenue	6,000,000	6,000,000	-
Federal In Lieu Payment	4,707,000	4,707,000	-
Transient Lodging Excise Tax (Stadium)	4,216,000	4,216,000	-
General Government Fees	2,410,290	2,410,290	-
Business Licenses & Permits	2,770,000	2,770,000	-
Alcoholic Beverage Tax	60,000	60,000	-
City In Lieu Payment	60,000	60,000	-
Other Miscellaneous Revenue	2,000	2,000	-
Overages & Shortages	(6,000)	(6,000)	-
	$ 276,890,768	$ 276,890,768	$ -

General Fund Departmental Revenues

General Fund Departmental Revenues consist of fees collected by departments through their various activities. These activities vary by department and include licenses and permits, charges for services, fines and forfeitures, and rental property income. The table below lists these revenue types and their corresponding FY 2026/27 budget amounts.

Fiscal Year 2026/27 Adopted Budget and Projected Amounts for the Departmental Revenues

	FY 26/27 Budget	FY 26/27 Projected as of July	Variance
Sheriff	8,166,915	8,166,915	-
Justice Court Tucson	6,003,179	6,003,179	-
Recorder	4,790,000	4,790,000	-
Clerk of the Superior Court	2,443,330	2,443,330	-
Real Property Services	1,556,379	1,556,379	-
Medical Examiner	1,910,000	1,910,000	-
Public Defense Services	1,109,550	1,109,550	-
Facilities Management	1,574,969	1,574,969	-
Pima Animal Care	1,332,425	1,332,425	-
Superior Court	905,500	905,500	-
Information Technology	732,164	732,164	-
Elections	1,888,600	1,888,600	-
Communications Office	505,000	505,000	-
	$ 32,918,011	$ 32,918,011	$ -

General Fund Expenditures

General Fund expenditures, excluding the $94.1 million reserve, are projected to total $776.2 million for FY 2026/27. In addition, $137.7 million in Transfer Outs is projected for FY 2026/27. Finance will continue to work with County departments and elected offices to monitor for savings opportunities and financial pressures and will keep the Board informed as new information becomes available.

General Fund Summary and Fund Balance Overview

The General Fund's high-level FY 2026/27 budget overview is summarized below. The budget projects a beginning fund balance of $131.4 million, along with $876.6 million in total revenues and transfers in. Expenditures and transfers out, excluding the $94.1 million General Fund reserve, are budgeted at $913.9 million for FY 2026/27.

As previously noted, the General Fund reserve for FY 2026/27 is budgeted at $94.1 million. The FY 2026/27 Adopted Budget includes an adjustment to the reserve requirement, reducing it from 17 percent to 15 percent of the previous year's audited operating expenditures.

Fiscal Year 2026/27 Adopted Budget and Forecasted Amounts for the General Fund
As of July 2026

Fund Balance Summary	Adopted	FY 26/27 Projected as of July	Variance
Beginning General Fund Balance	$ 131,401,251	$ 131,401,251	$ -
Revenues			
General Fund Revenues	850,567,198	850,567,198	-
Operating Transfers In	26,035,380	26,035,380	-
Total Revenues	876,602,578	876,602,578	-
Expenditures			
Operating Expenditures	776,217,784	776,217,784	-
Operating Transfers Out	137,672,114	137,672,114	-
Total Expenditures	913,889,898	913,889,898	-
Ending Fund Balance	94,113,931	94,113,931	-
Unrestricted General Fund Reserve		94,113,931	

Unrestricted General Fund Balance - per Board Policy

	Over/Under
FY 2026/27 Adopted Budget Minimum 15% of Expenditures	$ 94,113,931
Available Unrestricted General Fund Balance after Adjustments	$ -

General Fund Contingency

The FY 2026/27 Adopted Budget included a General Fund contingency of $11,283,385, consisting of $4,783,385 for general use, $5,500,000 for grant transition, and $1,000,000 for inflationary pressures.

As of July, $1,715,794 has been recommended for allocation from the General Use Contingency to fund four items: $742,417 for one-time $1,000 employee retention payments, $250,000 for two additional Information Technology Department (ITD) positions to support the Sheriff's Department Spillman System, $170,000 for the Sheriff's Department GED Program, and $553,337 for the Sheriff's Department's benchmarking adjustments for vacant positions, which will be brought before the Board at the September 8 meeting. This allocation would leave a remaining General Use Contingency balance of $3,067,591.

Summary

In summary, the FY 2026/27 General Fund financial outlook remains stable based on the information available as of July. Finance will continue to work closely with County departments and elected offices to monitor revenue trends, expenditure activity, and emerging financial pressures throughout the fiscal year. Any significant changes affecting the County's financial position will be communicated to the Board, along with recommendations for any necessary budget adjustments.

JKL/anc

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