

# COB - BOSAIR FORM

01/30/2026 2:02 PM (MST)

Submitted by Jeff.Whiting@pima.gov



## BOARD OF SUPERVISORS AGENDA ITEM REPORT (BOSAIR)

\*All fields are required. Enter N/A if not applicable. For number fields, enter 0 if not applicable.\*

Award Type:	Agenda Item
Is a Board Meeting Date Requested?	Yes
Requested Board Meeting Date:	02/17/2026
Project Title / Description:	Budget Remediation Plan Update

### Agenda Item Report

Introduction / Background:	<p>The Board of Supervisors (BOS) Policy D22.2 – Budget Accountability requires departments or elected offices projecting expenditures to exceed their Appropriated Budget or projecting revenues under their Appropriated Budget for the fiscal year to develop and implement a budget remediation plan. This item will provide an update regarding the remediation plan for the Treasurer's Office.</p>
Discussion:	<p>The Treasurer's Office has identified that it is necessary to address the budgetary challenges identified in the remediation plan to ensure that both financial and programmatic obligations can be met. This plan outlines the reasons the Treasurer's Office is projected to be over budget at the end of FY26.</p> <p>Personnel: Personnel expenditures are projected to exceed the FY26 budget by \$100,147. Personnel costs continue to increase annually, and the sweeping of two positions in October 2024 reduced personnel budget capacity by \$169,860, creating an unanticipated shortfall. This reduction occurred prior to the current Treasurer's term and was not planned by the current administration. When combined with the flat 2% budget reduction, the loss of nearly \$170,000 in personnel funding effectively resulted in an estimated 7.5% reduction to the department's overall budget.</p> <p>Postage and Freight: Postage is a critical operational expense required for mailing tax receipts, requested statements, and delinquent tax notices. These costs increase by an average of 7.4% annually, and continued population growth in Pima County, along with vendor fee increases, has significantly escalated mailing expenses. As a result, the Treasurer's Office projects a postage overage of \$69,330 in FY26.</p> <p>Overall Operating Budget Reductions: Since FY24, the Treasurer's Office operating budget has been reduced by \$259,964. These cumulative reductions have made it increasingly difficult to maintain basic operational functionality. Without an increase in budget authority to address projected overages, the department will be forced to limit—or potentially cease—the mailing of delinquent tax notices and/or tax receipts.</p>

**Software Maintenance and Support Renewals:**

Actual software expenditures totaled \$98,985 in FY25. Software systems are essential to tax collection operations, security, internal controls, and taxpayer services. Vendors typically increase maintenance and support costs by 5–10% annually, and these expenses are largely non-negotiable. As a result, an overage is anticipated in this category. Without additional budget authority, the department would be required to reduce or eliminate critical software, significantly compromising security, operational integrity, and customer service.

**Statutorily Required Expenses:**

The Treasurer's Office incurs several expenses mandated by statute each year. Arizona Revised Statutes § 42-18109 requires the publication of tax lien sale information in a local newspaper for two consecutive weeks each February prior to the sale. In FY24/25, this legally required advertising expense totaled \$16,318. As costs continue to rise, an overage in this category is expected. Without an increase in budget authority, the department will be unable to meet this statutory obligation.

**Stewardship of Public Funds:**

The Treasurer's Office has consistently acted as a responsible steward of public funds and submits this request as a final effort to meet all fiscal and statutory obligations. Prior to making this request, the department absorbed all prior reductions and explored every feasible option to operate within the FY26 budget. Software expenses were shifted to the OSR fund, which is traditionally reserved for infrastructure purchases made every four to five years. Despite these mitigation efforts, without an increase in budget authority, the Treasurer's Office will be unable to meet its required obligations.

<b>Conclusion:</b>	Managing budgetary concerns outlined in the remediation plan to address financial and programmatic issues is crucial. This item is for the Board to review and act on the remediation plan that the Treasurer has submitted to carry out their programmatic needs through the remainder of the fiscal year.
<b>Recommendation:</b>	Finance and Risk Management recommends that the Board of Supervisors review the Treasurer's request and provide direction on the submitted remediation plan for the remainder of the fiscal year.
<b>Fiscal Impact:</b>	Additional uses of General Fund contingency is required to cover this deficit. The additional use of contingency will have an impact on the total amount set aside for contingency in fiscal year 2025/26.
<b>Support of Prosperity Initiative:</b>	N/A
<b>Provide information that explains how this activity supports the selected Prosperity Initiative</b>	NA
<b>Board of Supervisor District:</b>	<ul style="list-style-type: none"><li>• 1</li><li>• 2</li><li>• 3</li><li>• 4</li><li>• 5</li></ul>
<b>Department:</b>	Finance and Risk Management
<b>Name:</b>	Art Cuaron



Telephone:

520 724 3138

Department Director Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Deputy County Administrator Signature: \_\_\_\_\_

Date: \_\_\_\_\_

County Administrator Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# Budget Remediation Plan

[Reset Form](#)

Fiscal Year	Department	Fund
FY26	Treasurer	10000FD
Adopted Expense Budget	Projected Expense	Expense Variance
3229550	3440225	-210675
Adopted Revenue Budget	Projected Revenue	Revenue Variance
		0
		Overage or Shortfall Amount
		-210675

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

Personnel:  
 Personnel expenses are projected to exceed the FY26 budget by \$100,147. Costs continue to rise annually, and the sweeping of two positions in October of 2024 reduced personnel budget capacity by \$169,860, creating an unforeseen overage. The loss of this personnel budget capacity was unplanned by the current Treasurer, as it took place prior to his term beginning. The loss of nearly \$170,000 in personnel budget capacity, combined with the flat 2% reduction, effectively resulted in a 7.5% cut to the department's overall budget.

Postage and Freight:  
 Postage is critical for mailing tax receipts, requested statements, and delinquent notices. Costs rise by an average of 7.4% annually, and with Pima County's population growth and vendor fee increases, mailing costs have escalated significantly. The Treasurer's Office is projected to exceed the postage budget by \$69,330. Overall, the Treasurer's Office operating budget has been reduced by \$259,964 since FY24. These cuts have made maintaining operational functionality exceptionally difficult. Without an increase in budget authority to meet the projected overage, the department will be forced to limit or cease the mailing of delinquent tax notices and/or tax receipts.

Software Maintenance and Support Renewals:  
 Actual expenditures were \$98,985 in FY25. Software is essential for tax collection operations, and vendors typically increase prices by 5-10% annually. Given the non-negotiable nature of these expenses, along with security and operational requirements, cuts to this category are extremely limited. An overage is expected.

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

N/A: The Treasurer's Office is a general fund department that does not generate revenue.

## Budget Remediation Plan

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

The department is requesting a permanent ongoing budget authority increase of \$210,665 to fund continued operations.

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

The Treasurer's Office will be back on budget pending approval from Finance and the Board Of Supervisors.

*Jake Martin*

Signature, Appointing Authority or Designee

01/06/2025

Date

☐ Finance has reviewed and concurs with plan.

Signature, Finance & Risk Management Director or Designee

Date

In accordance with BOS Policy [D22.2 Budget Accountability](#), submit completed form by the 1<sup>st</sup> of the month following a projected overage or shortage to [FIN\\_Budget\\_Remediation](#).

#### Personnel:

Personnel expenses are projected to exceed the FY26 budget by \$100,147. Costs continue to rise annually, and the sweeping of two positions in October of 2025 reduced personnel budget capacity by \$169,860, creating an unforeseen overage. The loss of this personnel budget capacity was unplanned by the current Treasurer, as it took place prior to his term beginning. The loss of nearly \$170,000 in personnel budget capacity, combined with the flat 2% reduction in FY2024/25, effectively resulted in a 7.5% cut to the department's overall budget.

#### Postage and Freight:

Postage is critical for mailing tax receipts, requested statements, and delinquent notices. Costs rise by an average of 7.4% annually\*, and with Pima County's population growth and vendor fee increases, mailing costs have escalated significantly. The Treasurer's Office is projected to exceed the postage budget by \$69,330.

Overall, the Treasurer's Office operating budget has been reduced by \$259,964 since FY24. These cuts have made maintaining operational functionality exceptionally difficult. Without an increase in budget authority to meet the projected overage, the department will be forced to limit or cease the mailing of delinquent tax notices and/ or tax receipts.

#### Software Maintenance and Support Renewals:

Actual expenditures were \$98,985 in FY25. Software is essential for tax collection operations, and vendors typically increase prices by 5-10% annually. Given the non-negotiable nature of these expenses, along with security and operational requirements, cuts to this category are extremely limited. An overage is expected. Without an increase in budget authority, the department will be forced to cut software, resulting in the loss of security, control, and taxpayer service systems.

#### Expenses required by statute:

The Treasurer's Office has numerous expenses required by statute on an annual basis. Arizona law (ARS 42-18109) requires the Pima County Treasurer's Office to publish information about the annual tax lien sale in a local newspaper for two consecutive weeks each February prior to the sale. In FY24/25, this legally mandated advertising cost (expensed to the advertising category) totaled \$16,318. As expenses rise, the Treasurer's Office is expecting an overage in this category. Without an increase in budget authority, the Treasurer's Office will not be able to meet this statutory obligation.

#### Good Steward of Funds:

The Treasurer's Office has acted as a responsible steward of public funds and submits this request as a final effort to meet all obligations. Before making this request, the department absorbed all prior cuts and explored every possible solution to operate within the FY26 budget. Software expenses have been shifted to the OSR fund, traditionally reserved for infrastructure purchases every 4-5 years. Despite these measures, without an increase in budget authority, the department will not be able to meet its obligations.

*\*Per the USPS, [U.S. Postal Service Recommends New Competitive Prices for 2026 - Newsroom - About.usps.com](https://www.usps.com/newsroom/2025/08/2026-competitive-prices)*