



PIMA COUNTY

FINANCE & RISK MANAGEMENT

FY 2026/27 Working Draft Budget Update

February 9, 2026

Budget Overview

Based on Period 6 Forecast

FY 2025/26 General Fund budget is fiscally stable

General Fund revenues projected to exceed budget

General Fund expenditures trending lower than budget

Projected fund balance increase because of increased revenues and reduced expenditures

FY 2026/27 base General Fund budget demonstrates continued stability

FY 2026/27 Budget Process & Key Terms

Working Draft as of 2/6/2026



Key Terms:

Base Budget: the prior year's budget adjusted for known & measurable financial changes (such as utility increases, known contract changes, postage, and other rate/volumetric adjustments). Includes revenue impacts of BOS Policies including:

- D 22.12 General Fund Capital Improvement Fund Pay-As-You-Go Program (PAYGO)
- D 22.13 General Fund Impact of State Legislature Cost Shifts and Disclosure of these Cost Shifts to Taxpayers
- D 22.17 Closing the Gap in Affordable Housing, Tackling Housing Insecurity, and Preventing an Escalation of Homelessness

DREAM Submissions: General and Non-General Fund Department Request for Expenditure Authority and Money with no identified funding source

Supplemental Requests: Non-General Fund departments may submit a supplemental budget request if there is a dedicated revenue stream

FY 2026/27 General Fund Base Budget Assumptions

Working Draft as of 2/6/2026

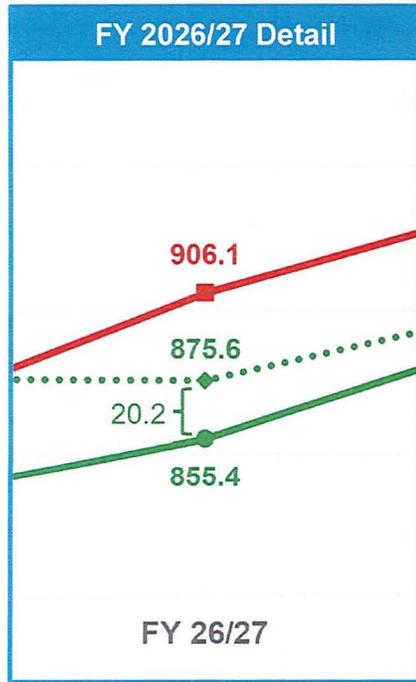
| Revenues | \$ Millions |
|-------------------------------------|--------------|
| FY 2025/26 Base | 802.6 |
| Add Property Tax Components | |
| Increase due to NAV | 21.1 |
| Increase due to PAYGO | 3.0 |
| State Cost Shifts | 4.7 |
| \$0.03 for Affordable Housing | 3.7 |
| Add Vehicle License Tax | 2.2 |
| Add State Shared Sales Tax | 14.9 |
| | |
| <i>Total change from FY 2025/26</i> | 49.6 |
| Total | Total |
| Total FY 2026/27 Revenues | 852.2 |
| Total Transfers In | 3.2 |
| Revenues & Transfers In | 855.4 |

| Expenditures | \$ Millions |
|---|--------------|
| FY 2025/26 Base | 722.0 |
| Less Budget Stabilization* | (1.7) |
| Add Retirement Costs | 2.4 |
| | |
| <i>Total change from FY 2025/26</i> | 0.7 |
| Total | Total |
| Total FY 2026/27 Expenditures | 722.7 |
| Total Transfers Out | 132.3 |
| Expenditures & Transfers Out | 855.0 |

* Budget Stabilization includes funding for contingency and lawyers.

FY 2026/27 General Fund Projections

Working Draft as of 2/6/2026



| Expenditures | \$ Millions |
|---|--------------|
| FY 2025/26 Base Expenditure | 722.0 |
| Net Change from prior year | 47.4 |
| FY 2026/27 Base Expenditure | 769.4 |
| Transfers Out | 136.7 |
| Expenditures & Transfers Out | 906.1 |

| Available Use of Fund Balance after Operational Adjustments | \$ Millions |
|---|-------------|
| | 20.2 |

| Revenues | \$ Millions |
|------------------------------------|--------------|
| FY 2025/26 Base Revenue | 802.6 |
| Net Change from prior year | 49.6 |
| FY 2026/27 Base Revenue | 852.2 |
| Transfers In | 3.2 |
| Revenues & Transfers In | 855.4 |

FY 2026/27 General Fund Additional Assumptions

Working Draft as of 2/6/2026

| Revenues | \$ Millions |
|------------------------------------|--------------|
| FY 2025/26 Base | 802.6 |
| Add Property Tax Components | |
| Increase due to NAV | 21.1 |
| Increase due to PAYGO | 3.0 |
| State Cost Shifts | 4.7 |
| \$0.03 for Affordable Housing | 3.7 |
| Add Vehicle License Tax | 2.2 |
| Add State Shared Sales Tax | 14.9 |
| | |
| Total FY 2026/27 Revenues | 852.2 |
| Transfers In | |
| Add: Base Transfers In | 3.2 |
| Revenues & Transfers In | 855.4 |
| Add: Use of Fund Balance | 20.2 |
| Total Sources | 875.6 |

| Expenditures | \$ Millions |
|---|--------------|
| FY 2026/27 Base | 722.7 |
| Add: Base Budget Adjustments | 20.9 |
| Add: DREAM Requests | 10.2 |
| Add: Compensation Strategy 5% | 15.6 |
| | |
| Total FY 2026/27 Expenditures | 769.4 |
| Transfers Out | |
| Add: Base Transfers Out | 132.3 |
| Add: Increase to PAYGO | 3.0 |
| Add: Health Support | 1.4 |
| Expenditures & Transfers Out | 906.1 |

Transfers In/Out Defined

Transfers In: Money a fund receives from another fund within the County.

- Examples:
 - Indirect cost recoveries on grants provided from the Grants Fund to the General Fund
 - Vehicle impound revenues collected by the Sheriff's Department provided from the Special Revenue Fund to the General Fund

Transfers Out: Money a fund sends to another fund within the County.

- Examples:
 - General Fund monies provided to the Debt Service Fund to make payments on debt
 - Subsidy provided to the Health Fund from the General Fund to sustain operations

Optional Funding Levers

BOS Policy Review

- D 22.12 – PAYGO
- D 22.13 – State Cost Shifts
- D 22.14 – General Fund – Fund Balance
- D 22.17 – Closing the Gap in Affordable Housing

Property Tax Rate Increase

- Net \$1.2 million in revenue for each \$0.01 rate increase
- *Limitations: Levy Limit & existing pressures on primary tax rate*

Reduction of Expenditures

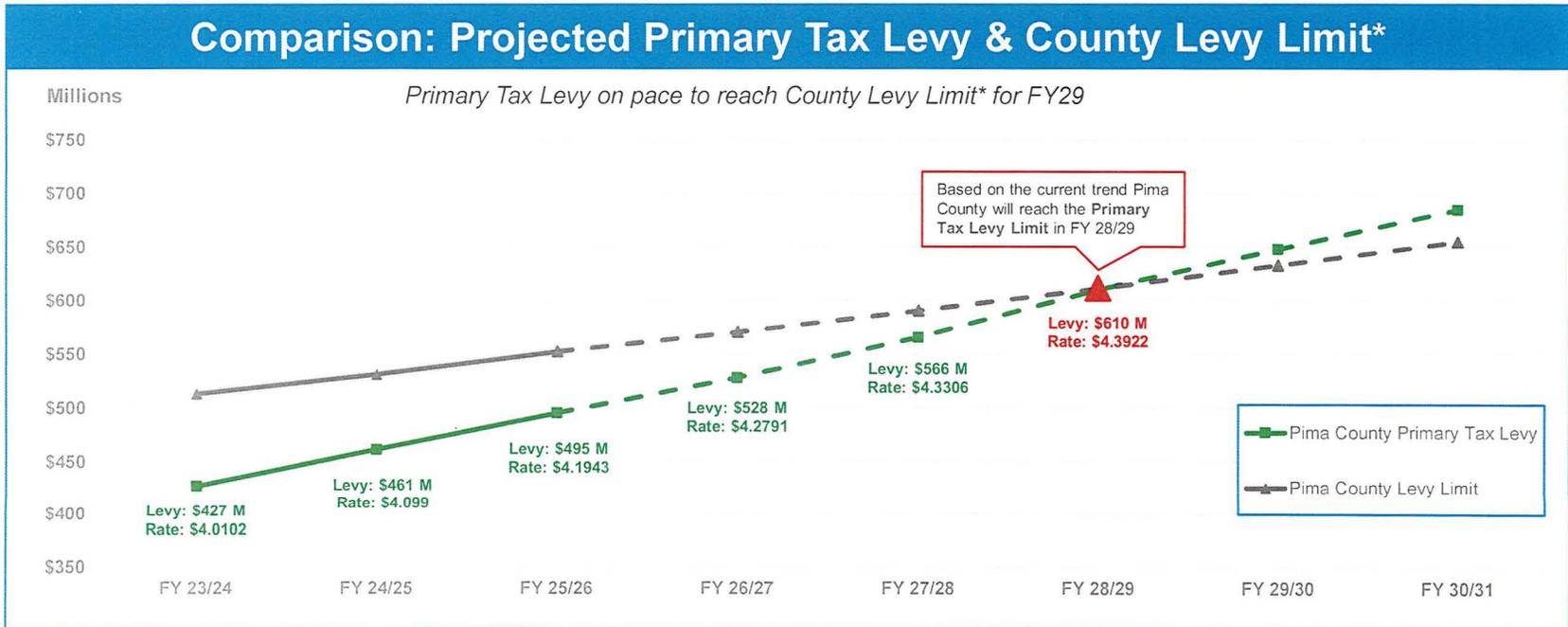
- DREAMs
- Compensation Strategy
- Other Expenditures

General Fund DREAMs and Compensation Elements

Working Draft as of 2/6/2026

| DREAMs (General Fund) | Submitted \$ Millions | Under Consideration \$ Millions |
|--|--------------------------|------------------------------------|
| Request Type | | |
| Maintaining Existing Resources and Assets | 19.0 | 5.3 |
| Expanding Existing Resources and Assets | 17.2 | 3.2 |
| New Programs and Services | 4.2 | 1.7 |
| Total | 40.4 | 10.2 |
| Compensation Elements | | \$ Millions |
| Childcare Stipend Program | | 1.0 |
| Student Loan Repayment Program | | 1.0 |
| Benchmarking PCSD Deputies and Sergeants | | 3.5 |
| Benchmarking In-Demand and Below Grade Adjustments | | 0.9 |
| Class and Comp Maintenance (3% increase) | | 9.2 |
| Total | | 15.6 |

Primary Tax Levy Limit Projection



*The Primary Property Tax Levy is limited to 2% growth, plus the percentage of growth of the tax base attributable to new construction.

Primary Tax Levy Limit Details

Primary Property Tax Levy Limit

In Arizona, [A.R.S. 42-17051](#) imposes a primary property tax levy limit on cities, counties, and community college districts that caps the amount of primary property tax a jurisdiction can levy each year. The statute provides for an annual levy limit increase of 2% plus the percentage of the jurisdiction's net assessed value attributable to new construction.

For most years since 2010, new construction added somewhere between 1% and 2% annually to Pima County's tax roll so the County's levy limit has increased somewhere between 3% and 4% per year.

Levy Limit Override

Under [A.R.S. 42-17201](#), a county can override the levy limit if a majority of county voters approve a secondary property tax that provides additional revenue over and above the primary property tax levy limit.

The referendum requesting that voters approve the secondary property tax must be approved by at least two-thirds of the Board of Supervisors.

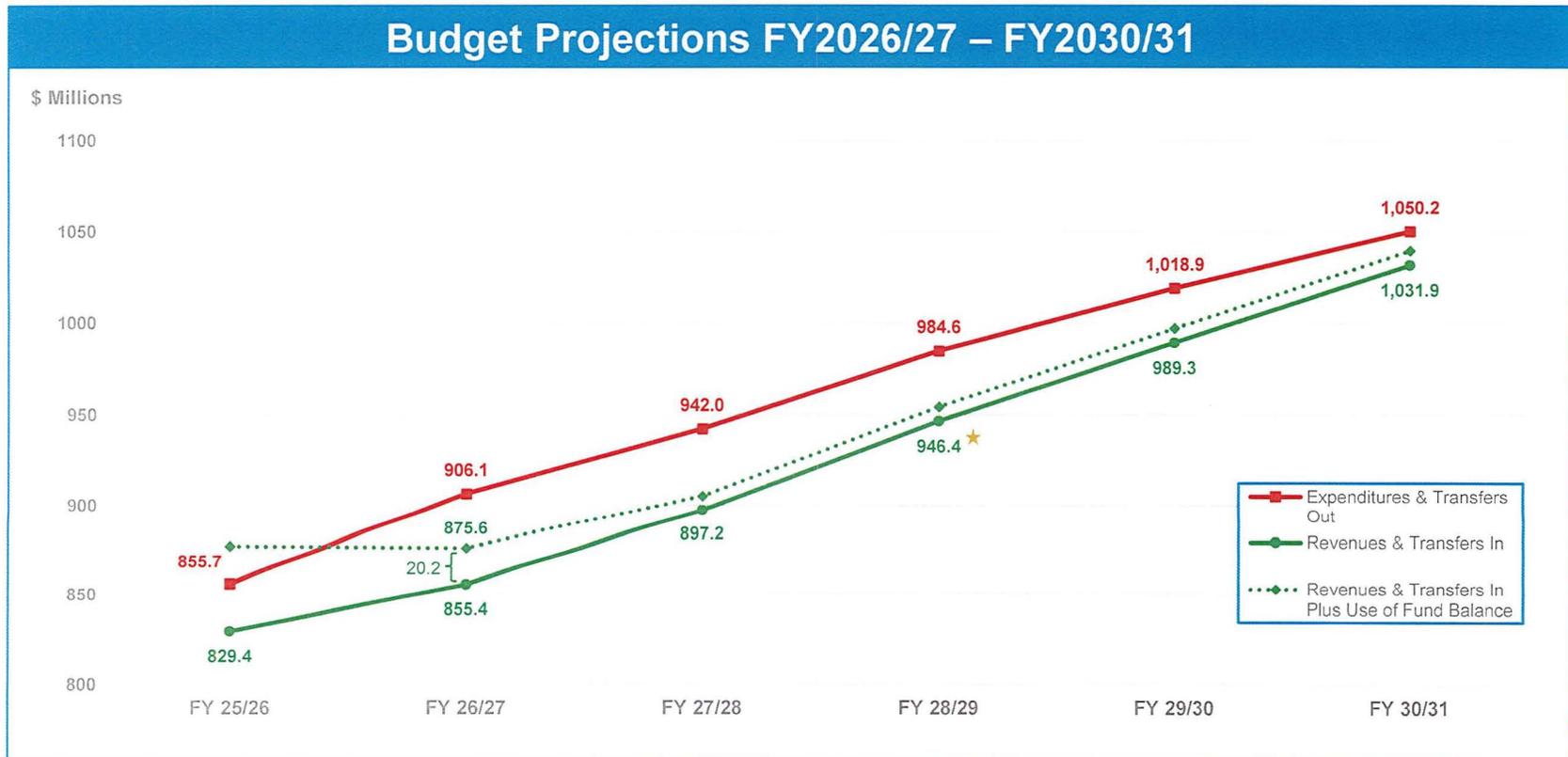
5-Year General Fund Forecast

Working Draft as of 2/6/2026

| Revenue Assumptions | Average Annual Change |
|-------------------------------------|--|
| Property Tax | |
| Increase due to NAV change | 5.2% |
| Increase due to PAYGO | Per BOS Policy |
| Increase for Affordable Housing | \$0.03 |
| State Shared Sales Tax | 3.0% |
| Vehicle License Tax | 3.2% |
| Expenditure Assumptions | Average Annual Change |
| Health Insurance premiums | 7% |
| Retirement Costs | 5% |
| Internal Service Rates | 3% |
| Wage Strategy | 5% |
| Utility Costs | 5% |
| Additional Fund Balance Assumptions | Assumption |
| Available Use of Fund Balance | Per BOS Policy |
| Operational Adjustments | \$10 million favorable |
| Other Sources & Uses: Transfers Out | PAYGO, Debt Service, Affordable Housing |

5-Year General Fund Forecast

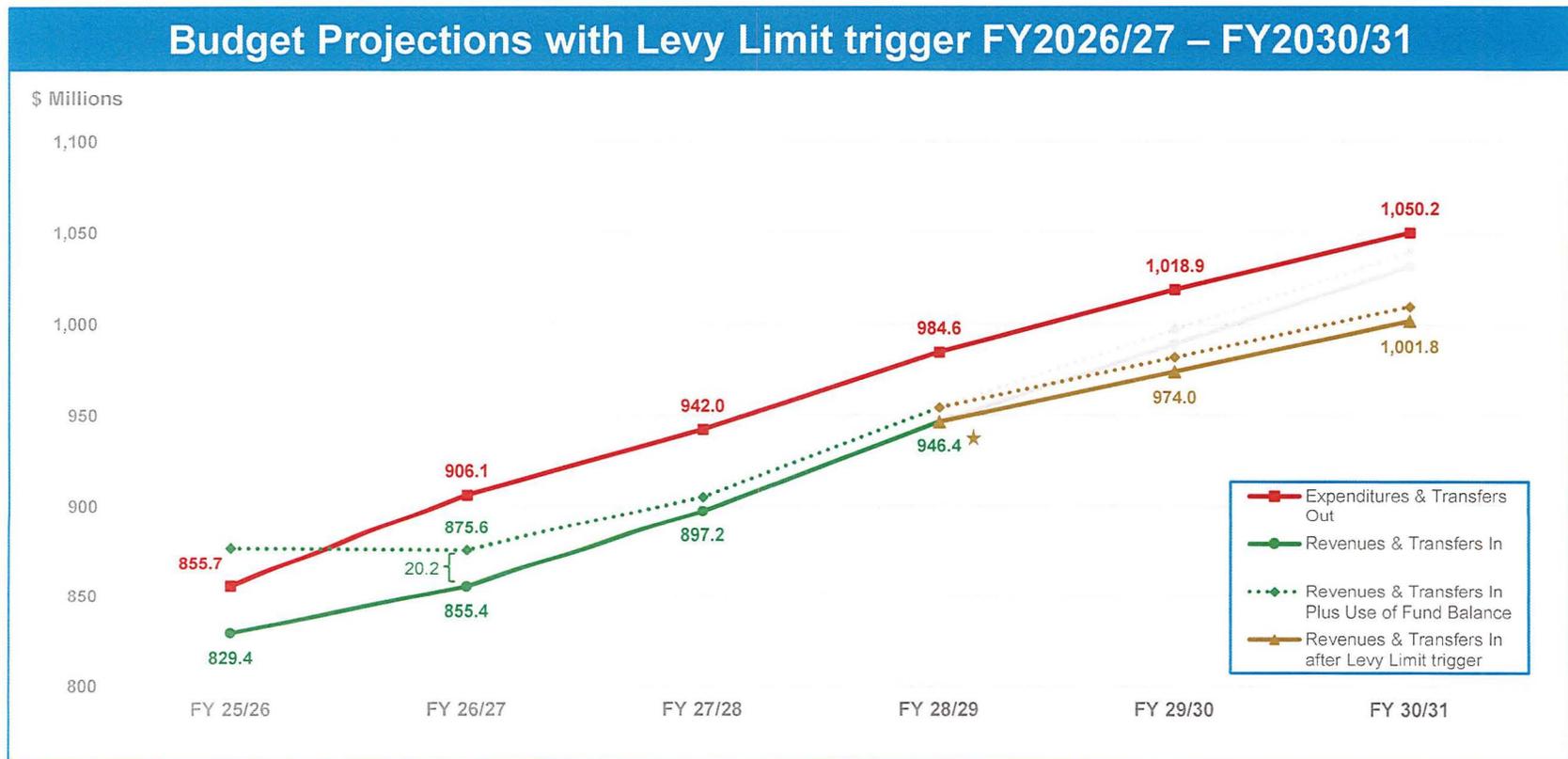
Working Draft as of 2/6/2026



★ Based on the current trend Pima County will reach the Primary Tax Levy Limit in FY 28/29

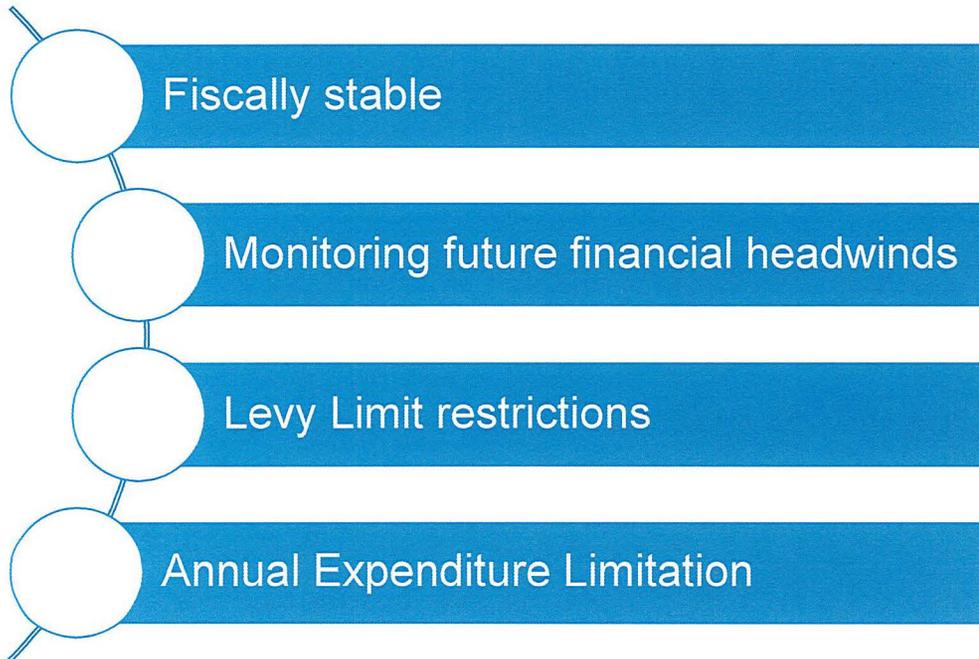
5-Year General Fund Forecast

Working Draft as of 2/6/2026



★ Based on the current trend Pima County will reach the Primary Tax Levy Limit in FY 28/29

General Fund Key Takeaways



| Current FY 2025/26 | \$ Amount |
|--|---------------|
| FY 2025/26 Primary Rate | 4.1943 |
| BOS Policy Implementation | \$ Amount |
| Add: PAYGO Rate Increase | 0.0127 |
| Add: State Cost Shifts | 0.0363 |
| Add: Affordable Housing | 0.0300 |
| Initial Primary FY 2026/27 Tax Rate | 4.2733 |

Non-General Fund Budget Update

Working Draft as of 2/6/2026

| DREAMs (Non-General Fund) | Submitted \$ Millions | Under Consideration \$ Millions |
|---|--------------------------|------------------------------------|
| Request Type | | |
| Maintaining Existing Resources and Assets | 0.8 | - |
| Expanding Existing Resources and Assets | 4.7 | 4.7 |
| New Programs and Services | 3.8 | 3.8 |
| Total | 9.3 | 8.5 |
| Supplementals | Submitted \$ Millions | Under Consideration \$ Millions |
| Request Type | | |
| Maintaining Existing Resources and Assets | 23.7 | 23.7 |
| Expanding Existing Resources and Assets | 7.0 | 5.8 |
| New Programs and Services | 0.5 | 0.5 |
| Total | 31.2 | 30.0 |

Non-General Fund Takeaways

Library

- \$0.02 Property Tax Increase
 - PEEPs

Flood Control

- \$0.01 Property Tax Increase
 - One Pima Initiative

Fund Balance

- Fund Balance Reserve Policy

| Current FY 25/26 | \$ Amount |
|--|-----------|
| FY 25/26 Secondary Rate | 1.0018 |
| Secondary Tax Increases | \$ Amount |
| Add: Library Tax Increase | 0.0200 |
| Add: Flood Control Tax Increase | 0.0100 |
| Add: Debt Service Decrease | (0.0275) |
| Add: State Cost Shifts (Library & Flood Control) | 0.0059 |
| Secondary FY 26/27 Est. Tax Rate | 1.0102 |
| Primary FY 26/27 Est. Tax Rate | 4.2733 |
| Total FY 26/27 Est. Combined Rate | 5.2835 |
| Total FY 25/26 Combined Rate | 5.1961 |
| Initial Draft Increase in Tax Rate | 0.0874 |



PIMA COUNTY

Board of Supervisors

Jennifer Allen, *Chair*, District 3

Dr. Matt Heinz, *Vice Chair*, District 2

Rex Scott, District 1

Steve Christy, District 4

Andrés Cano, District 5

Pima County Administrator

Jan Leshner

Deputy County Administrators

Carmine DeBonis, Jr.

Steve Holmes