

Business Services Department Overview



Mission Statement

To partner with City departments and facilitate the development of a culture that attracts and retains an effective, engaged, and diverse workforce as well as to deliver high-quality business services that support customer departments, the City Manager's Office, Elected Officials, and the Tucson community.

The following divisions are included in this department:

The **Administration Division** provides strategic leadership and oversight for all city departments, ensuring effective and efficient service delivery across the organization. Key responsibilities include the oversight and management of essential business operations, including budgeting, finance, and procurement. These activities are carried out in compliance with all applicable laws, City Council policies, and under the guidance of the City Manager.

The **Budget and Financial Planning Division** provides the information and support necessary for the Mayor and Council to adopt a balanced budget, while ensuring compliance with federal, state, and local laws, including those related to the City's property tax levy. Key responsibilities include leading and coordinating citywide efforts in long-term financial planning and analysis to support responsible fiscal management and sustainable decision-making.

The **Procurement Operations Division** provides support to all City departments with their contracting and procurement needs, ensuring timely and efficient access to goods and services. Key responsibilities include ensuring compliance with federal and local regulations through programs such as Contract Administration, Small Business Enterprise (SBE), Disadvantaged Business Enterprise (DBE), and the Davis-Bacon and Related Acts. Responsibilities also include centralized management of surplus equipment, coordination of public auctions for unneeded assets, and oversight of inventory control.

The **Financial Operations Division** manages the City's accounts payable, ensures accurate financial reporting, and maintains transparency in the handling of public funds. This includes preparing key financial documents such as the Annual Comprehensive Financial Report (ACFR), Single Audit, and the Annual Expenditure Limitation Report. The division also operates cashier stations and manages the City's cash flow and investments—projecting cash needs, transferring funds as required, and investing surplus funds to achieve optimal returns within acceptable risk levels. Key responsibilities include the oversight of the City's debt obligations, managing all banking operations, and serving as the primary liaison with the City's banking services provider. Also Grants Division which oversees all City grants.

The **Taxpayer Assistance Division** supports businesses by providing guidance and assistance with City tax and licensing requirements. Key responsibilities include issuing business licenses, investigating unlicensed activity, and coordinating tax audits with the Arizona Department of Revenue. In addition, this division administers the City's Tax Code, ensuring updates to local tax laws are reflected on the State's tax collection platform, and educating the business community on tax compliance and licensing matters.

The **Satellite Shared Services Division** enhances service delivery by establishing satellite offices that provide direct support to City departments. Key responsibilities include serving as subject-matter experts in key operational areas, including budget, finance, payroll, and procurement, to ensure consistent and efficient departmental support across the organization.

The **Risk Management Division** manages the City's Self-Insurance Trust Fund, covering public liability claims, workers' compensation, employee safety (loss control), and subrogation efforts. Key responsibilities include reviewing and processing claims filed against the City, including payments for public liability. As well as evaluating contracts to ensure proper insurance and indemnification provisions are in place. An additional responsibility includes promoting a safe and healthy work environment by ensuring regulatory compliance and providing employee education on safety practices and procedures.

The **Treasury and Investments Division** provides strategic leadership and oversight for all City departments, ensuring alignment with the City's goals and priorities. The division manages the City's cash flow, banking relationships, and investment activities. Its responsibilities include collecting and processing City revenues, ensuring timely deposits, safeguarding funds, and overseeing investment of public money according to the City's cash management and investment policies.

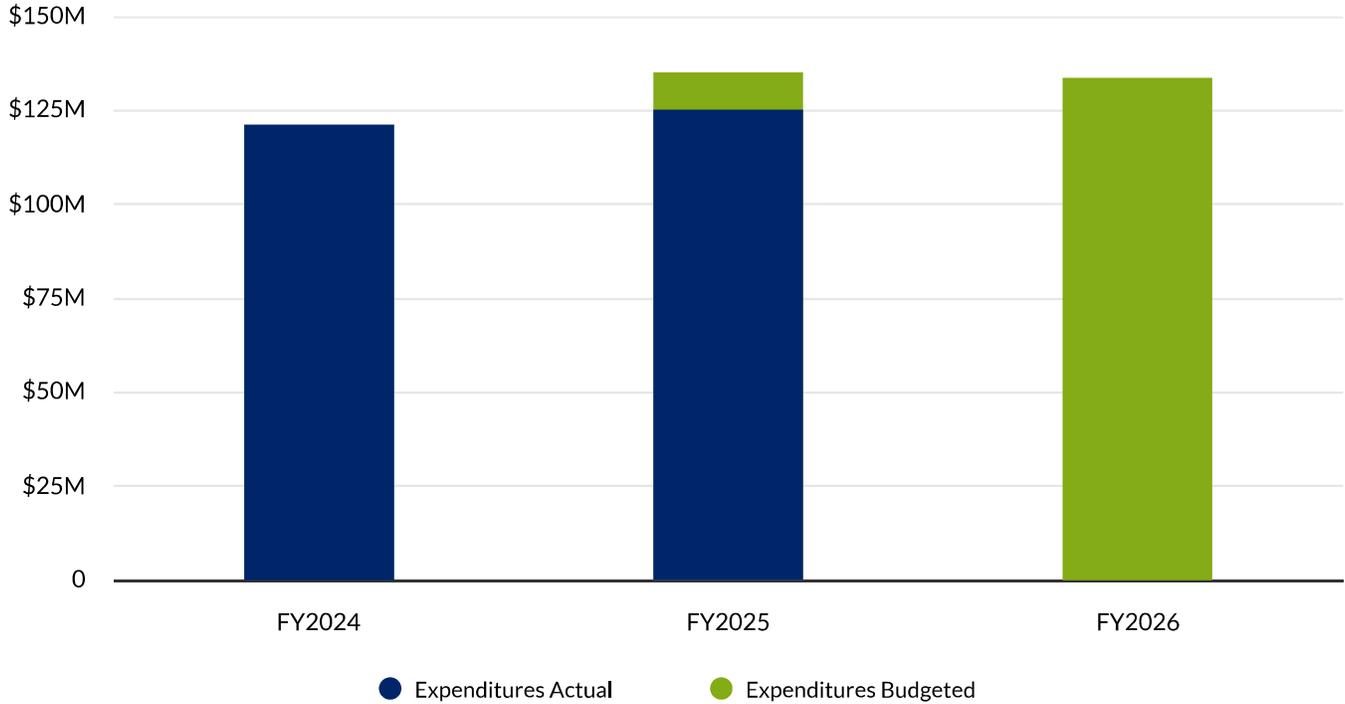
The **Employee Health Benefits** segment is also included in the Business Services Department. Its mission is to provide health-related benefits to City employees, City retirees, and qualified family members through various benefit plans administered by a combination of third-party administrators and contractors.

Expenditure Summary

\$133,805,551

-\$1,498,798 / 1.11% Lower Than the Prior Year's Budget

Historical Expenditures Across Department



Significant Changes

For Fiscal Year 2026, the City of Tucson's Business Services Department is budgeted at \$133.8 million, representing a 1.11% decrease compared to the Fiscal Year 2025 budget of \$135.3 million. This slight reduction follows the prior year's performance, when actual expenditures totaled \$125.0 million. That figure reflected a 3.2% increase from the prior period but amounted to only 92.4% of the Fiscal Year 2025 budgeted level.

Trends

The Business Services Department ensures the financial integrity of the City by providing core financial services and controls. Expenditures have remained relatively stable, reflecting efficient management and alignment with current spending patterns. The Fiscal Year 2026 budget continues this trend, supporting sustainable operations and strong financial stewardship.

Note: Amounts shown in the graphs are rounded up.

Expenditures by Fund

This chart shows how spending was distributed across various funding sources for the City of Tucson's Business Services Department from Fiscal Year 2024 through Fiscal Year 2026.

In Fiscal Year 2026, total Business Services Department expenditures are budgeted at \$133.8 million, an increase of 7.02% compared to the prior year.

The largest category, Health Insurance, totals \$84.9 million, an increase of \$1.3 million (1.55%), and represents 63.43% of all departmental expenditures.

Risk Management / Self-Insurance saw a significant increase of \$5.2 million (22.22%), reaching \$28.7 million and accounting for 21.43% of the total. The General Fund also rose notably by \$3.8 million (23.91%) to \$19.7 million (14.72%).

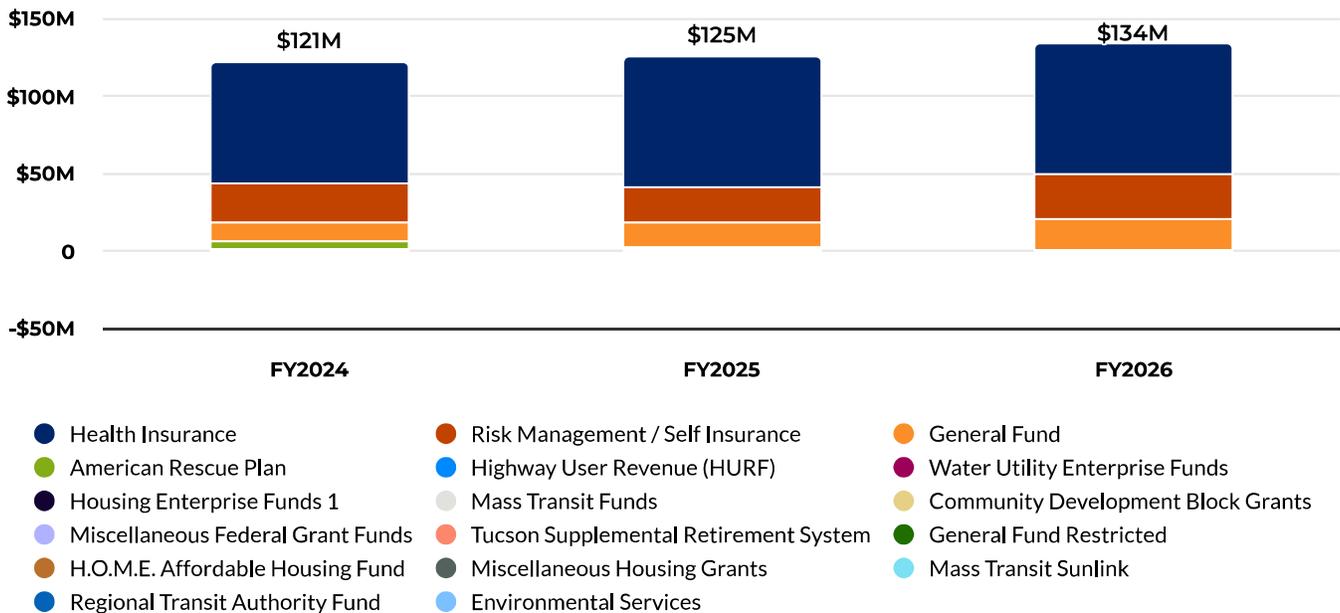
Conversely, several categories experienced decreases — the American Rescue Plan, Miscellaneous Federal Grant Funds, Tucson Supplemental Retirement System, Water Utility Enterprise Funds, and Mass Transit Sunlink all dropped to zero, reflecting 100% reductions. Housing Enterprise Funds 1 decreased by 22.21% to \$130,561, and Community Development Block Grants declined by 4.15% to \$102,079.

In Fiscal Year 2026, Miscellaneous Federal Grant Funds, Tucson Supplemental Retirement System, Water Utility Enterprise Funds, Highway User Revenue (HURF), Mass Transit Sunlink, and Miscellaneous Housing Grants. These reductions ranged from \$1,715 to over \$1.2 million (a 100% decrease).

The H.O.M.E. Affordable Housing Fund also declined by \$4,464 (-18.68%) to \$19,428, while the General Fund Restricted appeared as a new category at \$89,476 (0.07%).

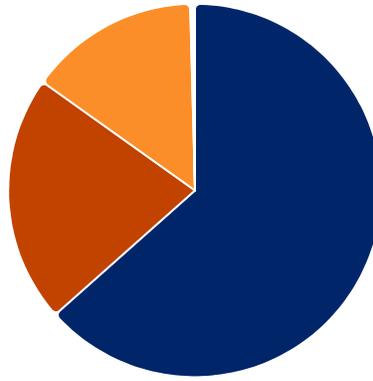
Overall, the Fiscal Year 2026 budget reflects continued dominance of Health Insurance and Risk Management / Self-Insurance, supported by growth in the General Fund.

Historical Expenditures by Fund



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Expenditures by Fund



● Health Insurance	\$84,868,005	63.43%
● Risk Management / Self Insurance	\$28,670,206	21.43%
● General Fund	\$19,696,445	14.72%
● Mass Transit Funds	\$229,353	0.17%
● Housing Enterprise Funds 1	\$130,561	0.10%
● Community Development Block Grants	\$102,079	0.08%
● General Fund Restricted	\$89,476	0.07%
● H.O.M.E. Affordable Housing Fund	\$19,428	0.01%

Note: Charts may not total 100% due to rounding.

Expenditures by Type

This chart displays how expenditures were allocated by type from Fiscal Year 2024 through Fiscal Year 2026.

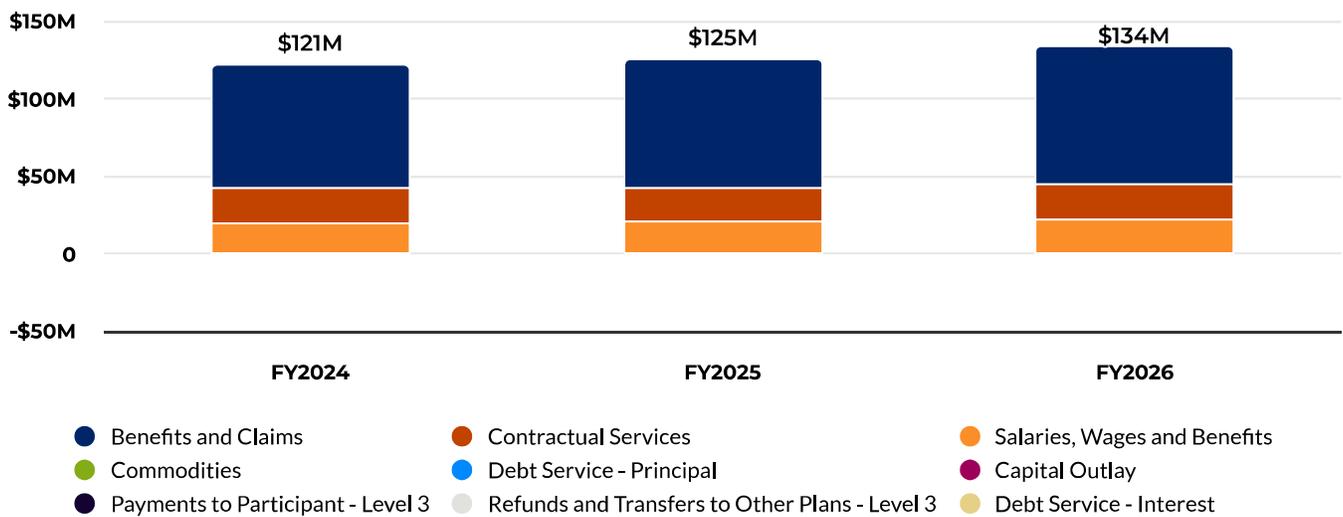
In Fiscal Year 2026, the Business Services Department's total expenditures increased by 7.02% to \$133.8 million compared to the previous year. Benefits and Claims remained the largest expenditure category, rising by \$5.3 million or 6.36% to \$88.8 million, representing 66.36% of the total budget, a slight decrease in percentage share from 66.77% the prior year.

Contractual Services saw a notable increase of \$2.1 million or 9.9%, reaching \$22.9 million and accounting for 17.09% of total expenditures, reversing the previous year's decline. Salaries, Wages and Benefits also increased by \$1.2 million or 5.75% to \$21.8 million, though its share of the total slightly decreased to 16.31% from 16.51%.

Commodities experienced a significant turnaround, increasing by \$291,508 to \$228,900, moving from a negative value in the prior year to a positive 0.17% of total expenditures. Debt Service – Interest had a marginal increase of \$2 to \$800, maintaining a negligible portion of the budget.

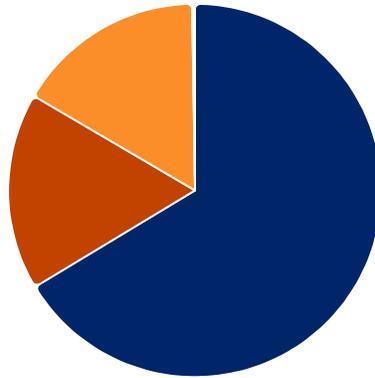
Conversely, Capital Outlay expenditures were eliminated entirely, decreasing by \$57,578 or 100% to zero. Refunds and Transfers to Other Plans - Level 3 also dropped to zero, a \$12,483 or 100% decrease. Debt Service – Principal remained virtually unchanged at \$91,130, a negligible decrease of \$2.

Historical Expenditures by Type



Note: Amounts shown in the graphs are rounded up.

Fiscal Year 2026 Expenditures by Expense Type



● Benefits and Claims	\$88,788,730	66.36%
● Contractual Services	\$22,868,879	17.09%
● Salaries, Wages and Benefits	\$21,827,112	16.31%
● Commodities	\$228,900	0.17%
● Debt Service - Principal	\$91,130	0.07%
● Debt Service - Interest	\$800	0.00%

Note: Charts may not total 100% due to rounding.

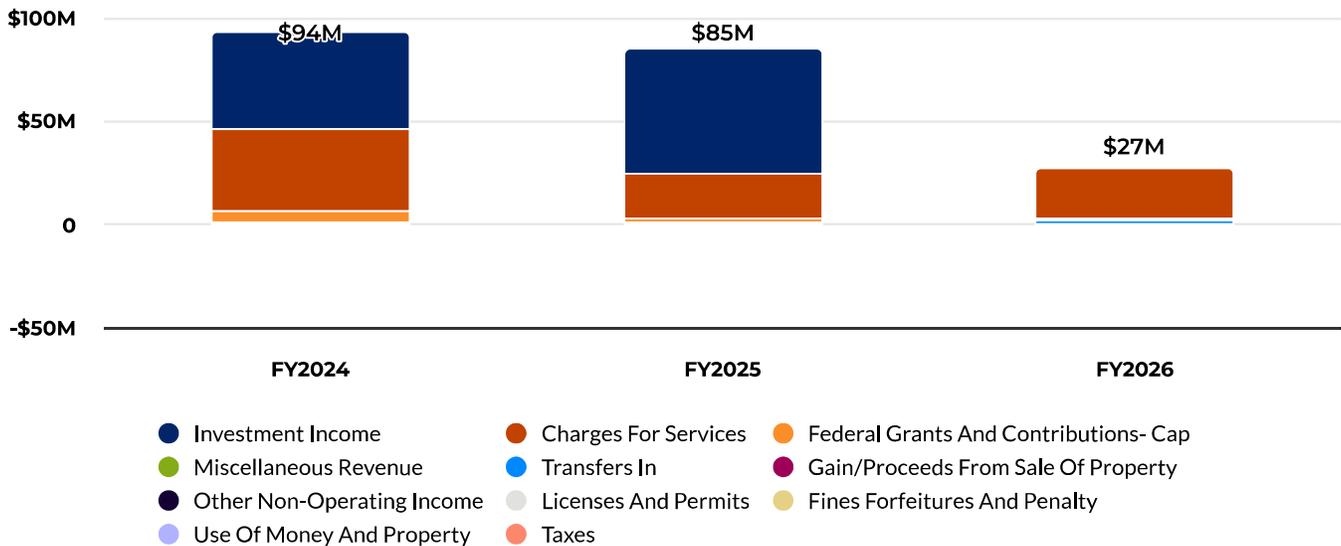
Revenues by Type

In Fiscal Year 2026, the Business Services Department's total revenue decreased significantly to \$27.2 million, a 68.14% decline from the previous year's \$85.3 million. The largest revenue source shifted from Investment Income to Charges For Services. Charges For Services increased by \$2.3 million, or 10.68%, reaching \$24.1 million and representing 88.84% of the total revenue. Transfers In emerged as a new notable category, contributing \$2.3 million or 8.46% of total revenue.

Investment Income, which was the largest revenue source in the prior year at \$60.6 million (71.08% of total), dropped completely to \$0, a 100% decrease. Similarly, Federal Grants and Contributions-Cap and Other Non-Operating Income both fell to \$0, decreasing by 100% from \$1.6 million and \$75,223 respectively. Miscellaneous Revenue declined by \$498,243, or 40.49%, to \$732,190, now making up 2.69% of total revenue.

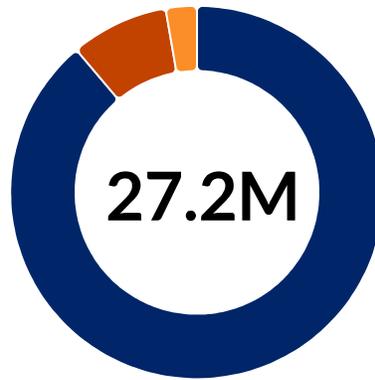
Additional categories such as Gain/Proceeds From Sale Of Property and Use Of Money and Property were also reduced to zero, each experiencing a 100% decrease. Fines, Forfeitures and Penalty showed a small increase to \$630, while Taxes and Licenses and Permits both returned to zero, reversing their previous negative values.

Historical Revenues by Revenue Type



Note: Amounts shown in the graphs are rounded up.

FY26 Revenues by Revenue Type



Charges For Services	\$24,141,800	88.84%
Transfers In	\$2,300,000	8.46%
Miscellaneous Revenue	\$732,190	2.69%
Fines Forfeitures And Penalty	\$630	0.00%

Note: Amounts shown in the graphs are rounded up.

Position Resources

Fiscal Year 2026 Adopted FTE Count

