



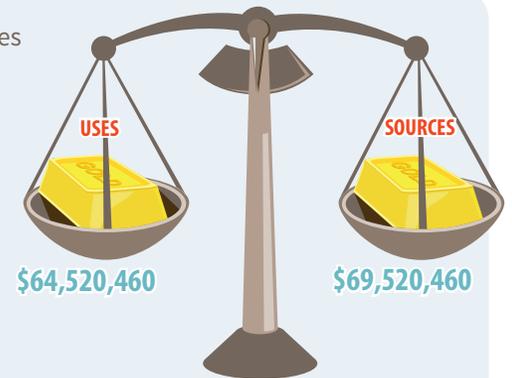
KNOW YOUR TOWN'S BUDGET

TOWN OF ORO VALLEY | FY 2022/23 BUDGET

Fiscal Year 2022/23 budget is in the amount of \$147.7 million; a \$14.3 million, or 8.8% decrease from the adopted FY 2021/22 budget totaling \$162 million. This decrease is due primarily to the Town Council approved one-time payment of \$27.6 million in FY 2021/22 to eliminate the Town's Public Safety Pension Retirement System (PSPRS) unfunded pension liability.

GENERAL FUND HIGHLIGHTS

- General Fund budget totals **\$64.5 million** (excluding budgeted contingency reserves of \$5,000,000).
- The General Fund budget includes transfers out of **\$16.4 million**, which includes \$13.5 million in excess fund balance reserves to the Capital Fund, \$0.9 million to the Grants Fund for local matching funds, and \$2 million to the Debt Service Fund.
- The estimated year-end fund balance in the General Fund for FY 2022/23 is **\$12.6 million**, which equates to 26% of the expenditure budget.
- Includes planned use of **\$13.8 million** of reserves.



KEY REVENUE PROVISIONS

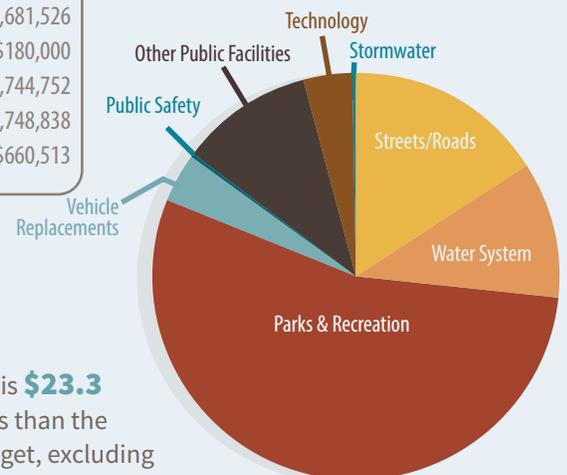
(Reflects all funds, except for first bulletpoint)

- Total FY 2022/23 General Fund revenues are **\$3.7 million**, or 7.8%, higher than FY 2021/22 budgeted General Fund revenues, due to anticipated growth in local sales tax and state-shared revenue offset by reduced federal grant funding.
- Local sales tax revenues are up **\$4.7 million**, or 19.3%, from FY 2021/22.
- Charges for services revenues are **\$1.2 million**, or 10.6%, higher than FY 2021/22 budget amounts.
- Budgeted grant revenues are **\$10 million**, and include projected funds from the Arizona Broadband Development Grant program (ABDG) and deferred American Rescue Plan Act (ARPA) revenue.
- State-shared revenues, including Highway User Revenue Funds, are **\$4.4 million**, or 25.3%, higher than FY 2021/22 budget amounts.

KEY EXPENDITURE PROVISIONS

FY 2022/23 Capital Improvement Program (CIP) projects totaling **\$45,081,812** include:

Streets/Roads	\$7,186,199
Water System	\$4,748,838
Parks & Recreation	\$24,412,717
Vehicle Replacements	\$1,681,526
Public Safety	\$180,000
Other Public Facilities	\$4,744,752
Technology	\$1,748,838
Stormwater	\$660,513



- The FY 2022/23 budget is **\$23.3 million**, or 15.2%, less than the prior year adopted budget, excluding contingency.
- Personnel costs are increasing **\$4.1 million**, or 11%, and include the addition of several new positions, as well as classification and compensation adjustments based on a new market study.

THE TOWN BUDGET: PLANNING FOR THE FUTURE

The budget is a long-range planning tool that allows the Town of Oro Valley to review the community's goals and objectives, evaluate and determine what is required to meet those objectives, and develop an implementation strategy.

RECREATION AND CULTURE

The Town continues to focus on (1) investing and maintaining high quality parks, recreation, and trail facilities, and (2) providing residents with multigenerational recreation and cultural programs and events. Of note is the robust investment in Naranja Park to begin implementation of the updated master plan, which includes additional multi-purpose fields, a splash pad, pickleball courts, a basketball court, skate park and pump track. The official groundbreaking took place on May 31, 2022, and residents can expect to see significant grading starting this summer, followed by construction of the next phase of amenities, which will be finalized this fall.

The budget includes the completion of the Conquistador Golf Course irrigation replacement and the start of the Cañada Course, with the final \$2 million planned for FY 2023/24. Also included are some additional post-irrigation Conquistador Golf Course improvements, such as turf reduction around the greens, lifecycle replacement of bunker sand and re-grassing the driving range floor. ADA improvements to both the Community Center and Pusch Ridge tennis/golf buildings are also budgeted, as well as reconstruction of the Pusch Ridge and Community Center tennis and pickleball courts.

CAPITAL INVESTMENTS

The Town is implementing a robust capital investment strategy using one-time revenues, including \$25 million in bond proceeds approved by the Town Council in September 2021 for investments in Naranja Park, exterior improvements to the Community Center, and multi-use paths. Capital funding also includes \$10 million in ARPA funds that do not have restrictions but must be spent or otherwise encumbered no later than December 31, 2024.

TOWN STAFF RETENTION AND ATTRACTION

The pandemic has impacted worker movement, salaries, and benefits across many sectors. The state minimum wage laws and now the voter-approved City of Tucson minimum wage initiative have and will continue to increase wages for entry level workers in the region. Companies are out-bidding for talent across multiple industries.

As a service-based organization, recruiting and retaining top talent is foundational to the Town's ability to provide quality public services. As such, the Town conducted a comprehensive classification and compensation study that will adjust employee pay grades to remain competitive. The budget includes \$2.6 million in the General Fund set aside for the implementation of the final pay plan. The budget also includes funds for pay increases for all eligible Town employees.

MONITORING AND OVERSIGHT

With uncertainty due to ongoing inflation, conflict in Ukraine, and supply-line disruptions from the COVID-19 pandemic, the Town will continue to closely monitor revenues against projections on a monthly basis. While revenue projections continue to be conservative, careful monitoring will give the Town time to respond if economic conditions do not materialize as forecasted.

WHAT KINDS OF TAXES DO ORO VALLEY RESIDENTS PAY?



The Town of Oro Valley does NOT levy a property tax; however, Oro Valley property owners pay more than \$27 million every year in property taxes to Pima County and other taxing districts (school districts, fire districts, etc.).

Town residents and visitors pay approximately \$28 million in local sales taxes to Oro Valley each year.

- **4% utility tax (\$3.5 million/year)**
- **2.5% retail tax and 2.5% restaurant/bar tax (\$14.2 million/year)**
- **2.5% + 6.0% hotel and bed tax (\$2.7 million/year)**
- **4.0% construction tax (\$5.2 million/year)**
- **All other categories (\$2.4 million/year)**

HOW IS THE BUDGET BALANCED AND HOW ARE FUND BALANCES USED?

The FY 2022/23 Adopted Budget of \$147.7 million comprises 17 separate funds, each with its own balanced budget. Each fund contains its own "savings" account, otherwise known as its fund balance. When revenues are less than expenditures, the Town draws from its fund balance. For FY 2022/23, the Town plans to spend approximately \$30.3 million from its overall beginning fund balance total of \$98.8 million, leaving \$68.6 million on hand at year-end. These are planned uses of funds that have been building up over a period of time being used primarily to cash-fund one-time capital projects and initiatives. In FY 2022/23, the Town is planning to utilize a fund balance of about \$13.8 million in the General Fund.