

# Overview of FY 2021/2022 Town Manager's Recommended Budget



Town of Oro Valley

# OVERVIEW

- ▶ Budget overview
- ▶ Timeline and adoption process
- ▶ Synopsis of Recommended Budget
  - ▶ Financial Overview
  - ▶ Economic Conditions and Revenue Projections
  - ▶ Expenditure Highlights



# FY 21/22 BUDGET TIMELINE



Town of Oro Valley

DECEMBER

Preliminary CIP discussion & evaluation  
Senior Management Team budget preparation

JANUARY

Initial revenue estimates  
Senior Management Team budget preparation

FEBRUARY

Council planning retreat to identify priorities and formation of Strategic Leadership Plan

MARCH

Department budget requests due and review  
CIP and operating budget carry-over requests due

APRIL 16

Manager's Recommended Budget delivered to Council

APRIL/MAY

Individual Council budget meetings

MAY 5, 6, 19  
Budget Study Sessions

JUNE 2

Public Hearing – Adoption of Tentative Budget

JUNE 16

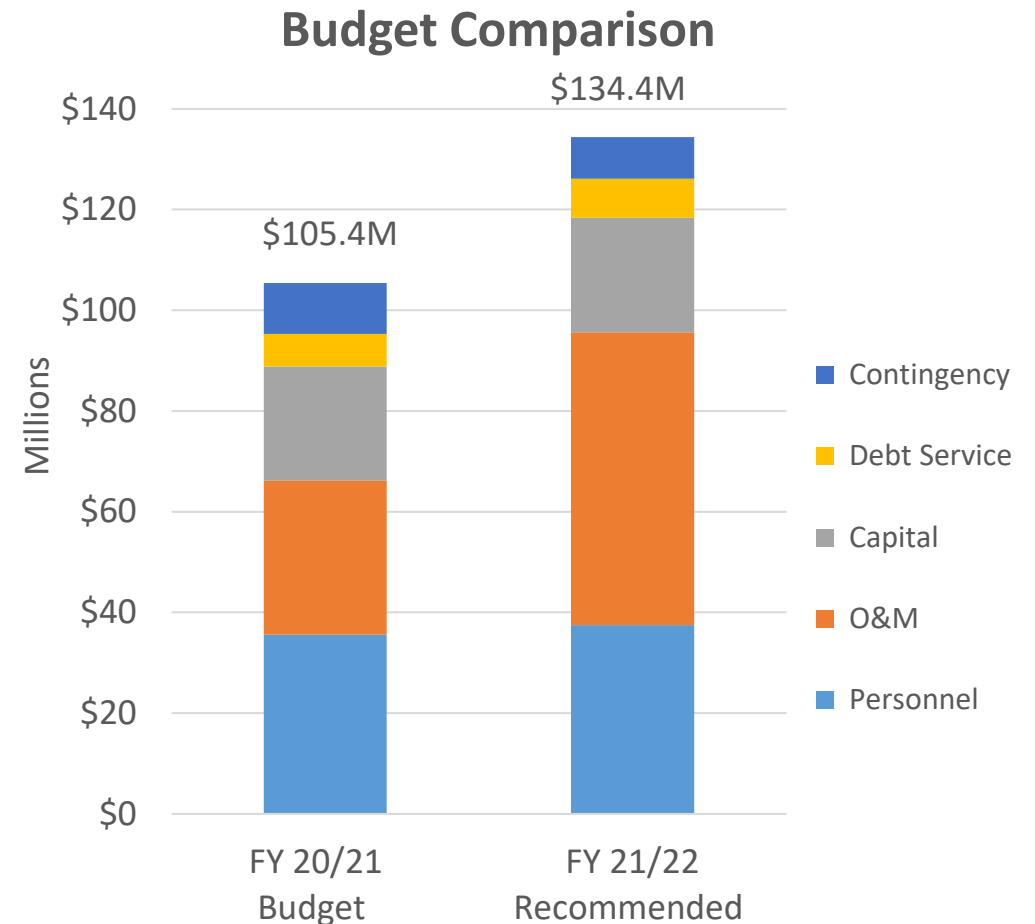
Public Hearing - Adoption of Final Budget

# FY21/22 RECOMMENDED BUDGET SNAPSHOT



Town of Oro Valley

- Recommended Budget totals \$134.4 M
- Represents a \$29.0 M or 27.5% increase from the current year budget
- Budget is structurally balanced with ongoing revenues dedicated towards ongoing costs, and one-time revenues dedicated towards one-time costs
- General Fund is 7.2% more than last year
- General Fund ending fund balance is \$15.3 M (28.7% of budget), leaving \$2.0 M above Town Council 25% reserve policy
- \$5.0 M in contingency included in the General Fund

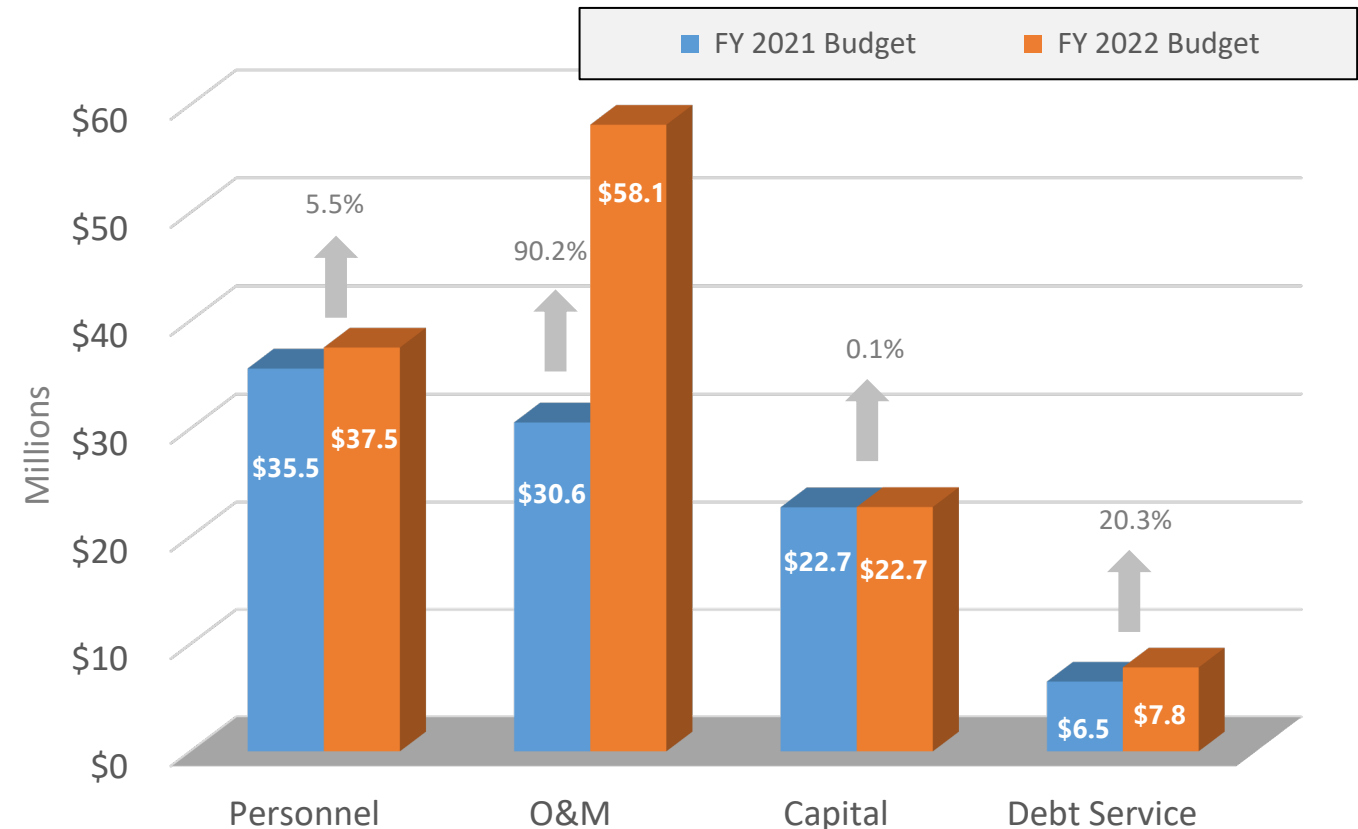


# FY21/22 BUDGET SNAPSHOT



Town of Oro Valley

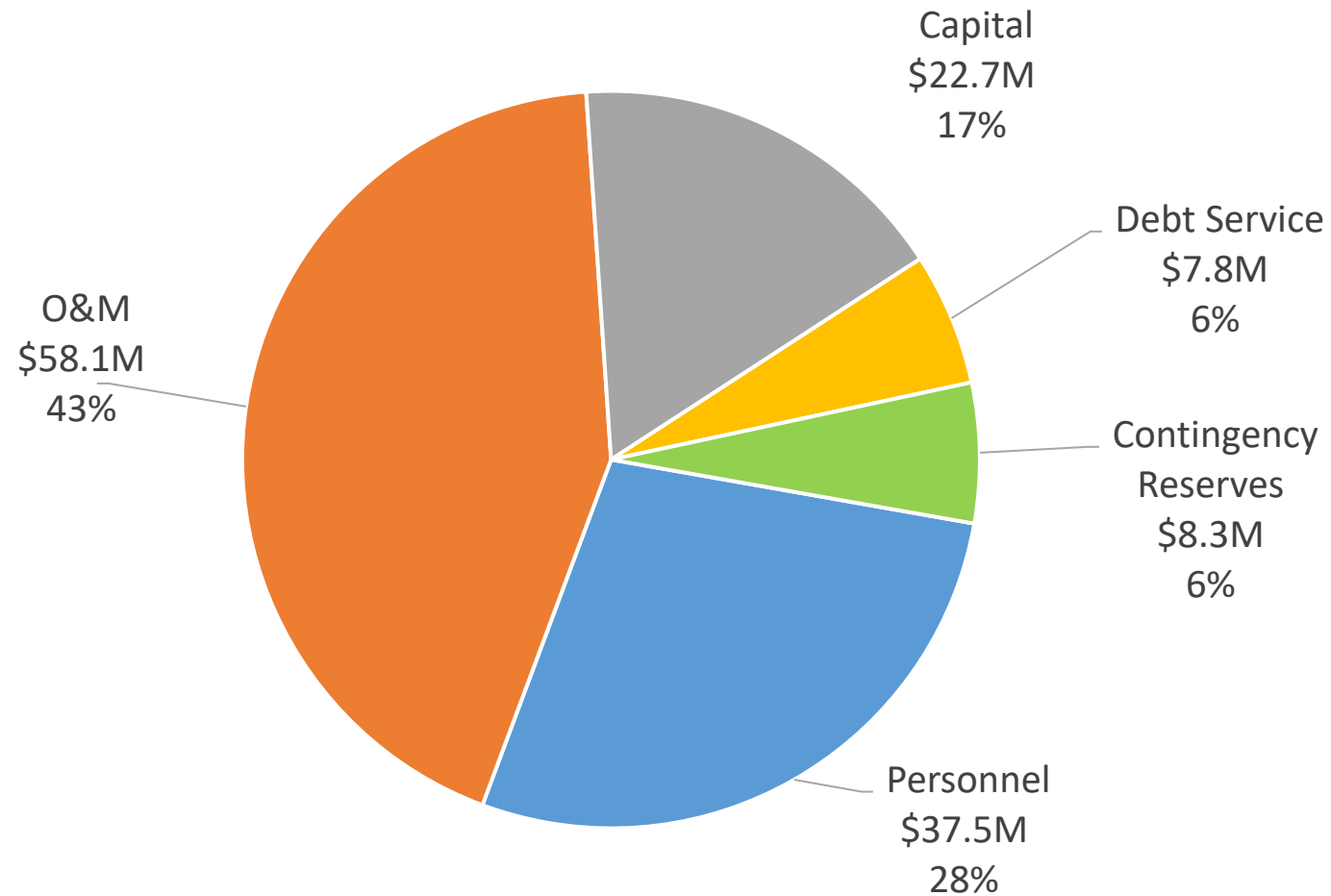
- **Personnel:** 5.5% increase due primarily to steps & merits and grant related overtime
- **O&M:** 90.2% increase mainly due to ARPA and PSPRS payment
  - When factoring out stimulus funding and other one-time programs ~ \$2.6 M increase
  - Ongoing O&M ~ \$220,000 higher than pre-pandemic figures
- **Capital:** Majority of capital related to CIP program. Potential for changes before final budget
- **Debt Service:** 20.3% increase attributable to estimated \$1.3 million payment on pension obligation bonds



# FY21/22 RECOMMENDED BUDGET BY CATEGORY



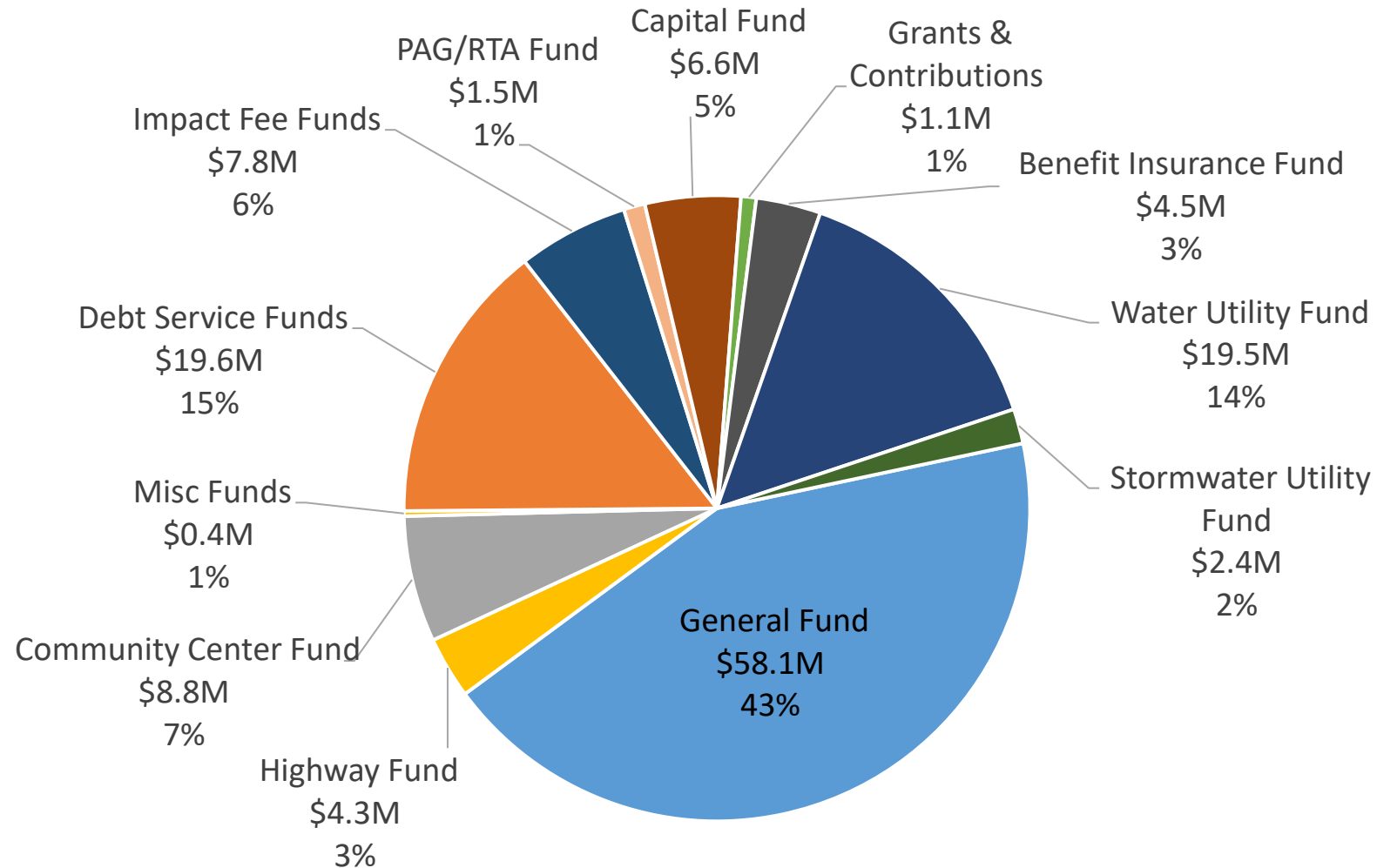
Town of Oro Valley



# FY21/22 RECOMMENDED BUDGET BY CATEGORY



Town of Oro Valley





# FY21/22 KEY BUDGET FACTORS – GENERAL FUND



Town of Oro Valley

## Economic Conditions/Revenue Projection Highlights

- FY21/22 local sales tax revenues \$2.3 M (12.8%) higher than adopted FY20/21 budget
- Licenses and permit revenues \$257,000 (16.1%) higher than adopted FY20/21 budget
  - 275 SFR permits budgeted in FY21/22 vs. 225 SFR permits budgeted in FY20/21
  - Commercial permitting relatively flat
- Charges for services \$148,000 (6.6%) higher
  - Bulk of increase related to increased administrative services charges to utility funds
- State Shared Revenues \$535,000 (4.1%) higher
  - Budgeted increases in state shared sales taxes and VLT
  - Budgeted decreases in state shared income taxes

Category	FY20/21 Budget	FY21/22 Recommended	\$ Change	% Change
Local Sales Taxes	\$18,128,304	\$20,457,632	\$2,329,328	12.8%
State Shared Revenues	13,194,438	13,729,923	535,485	4.1%
Charges for Services	2,239,675	2,387,776	148,101	6.6%
Licenses & Permits	1,592,500	1,849,000	256,500	16.1%
Federal Grants	5,790,969	5,990,290	199,321	3.4%
All Other *	2,404,500	2,078,500	(326,000)	-13.6%
<b>TOTAL GENERAL FUND REVENUE</b>	<b>\$43,350,386</b>	<b>\$46,493,121</b>	<b>\$3,142,735</b>	<b>7.2%</b>

\* Includes Transfers In



# FY21/22 KEY BUDGET FACTORS – GENERAL FUND



Town of Oro Valley

## Expenditure Highlights

- Personnel figures include the addition of six new positions, elimination of other positions and various position reclassifications
- Steps and merit increases included
- Operations and maintenance (O&M) budget \$10.3 M (89.9%) higher than FY20/21
  - Includes \$10.0 M payment from reserves to PSPRS
- Capital includes non-CIP minor capital items
- Transfers out \$4.8 M (186.1%) higher than FY20/21
  - Budgeted transfer for debt service and CIP items
- \$5.0 M General Fund contingency included

Category	FY20/21 Budget	FY21/22 Recommended	\$ Change	% Change
Personnel	\$28,976,810	\$30,785,876	\$1,809,066	6.2%
O&M	11,451,081	21,746,773	10,295,692	89.9%
Capital	1,558,000	555,100	(1,002,900)	-64.4%
Transfers Out	2,589,520	7,408,264	4,818,744	186.1%
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$44,575,411</b>	<b>\$60,496,013</b>	<b>\$15,920,602</b>	<b>35.7%</b>

# FY21/22 NOTABLE BUDGET ITEMS



Town of Oro Valley

- American Rescue Plan Act
  - Nearly \$11.0 million over two years
- Issuance of \$17.0 million of pension obligation bonds and a \$10.0 million payment from General Fund reserves for PSPRS liability
- Current Recommended Budget does not include recent annexations
- Tentative Budget will bring forward all Council recommended changes addressed tonight/in upcoming budget study sessions
  - Recent annexations will be included with Tentative Budget
- 5-year financial forecast to be presented alongside Tentative Budget