



Town of Paradise Valley FY2027 Budget Development



Budget Calendar



Date	Activity	Subject
March 12	Study Session	User Fees Preliminary Budget Overview Capital Improvement Projects (CIP)
March 26	Study Session	Department Budgets
April 9	Study Session	Pension Funding Revenue Stress Test Preliminary Budget Overview Follow Up Items
April 23	Meeting: Action Item	Tentative Budget Adoption
May 14	Meeting: Action Item	Final Budget Adoption

Agenda

- Pension Funding
- Revenue Stress Testing
- Preliminary Budget
- Follow Up of 03/26/26 Study Session

Pension Funding

Excerpt from the 2025 Annual Pension Funding Policy for Public Safety Personnel Retirement System (PSPRS)

- The Council's PSPRS funding ratio goal is 100% (fully funded) by June 30, 2036.
- The Town Council has achieved a funded ratio of 94.7% and intends to maintain a funded ratio of no less than 95% and not to exceed 110%.



Pension Funding

FUNDED STATUS

	Tiers 1 & 2		Tier 3 Members	
	Pension	Health	Pension	Health
Funded Status Last Valuation	94.7%	107.1%	107.9%	216.2%
Asset Experience	0.7%	0.8%	1.9%	4.1%
Liability Experience	(0.1%)	(1.7%)	3.6%	0.7%
Additional Contribution	4.9%	0.0%	0.0%	0.0%
Assumption/Method Change	0.0%	0.0%	0.0%	0.0%
Compensation Limit Update	0.0%	0.0%	0.0%	0.0%
Other	<u>1.1%</u>	<u>(2.9%)</u>	<u>(11.0%)</u>	<u>(22.7%)</u>
Funded Status This Valuation	101.3%	103.3%	102.4%	198.3%

Revenues Stress Testing

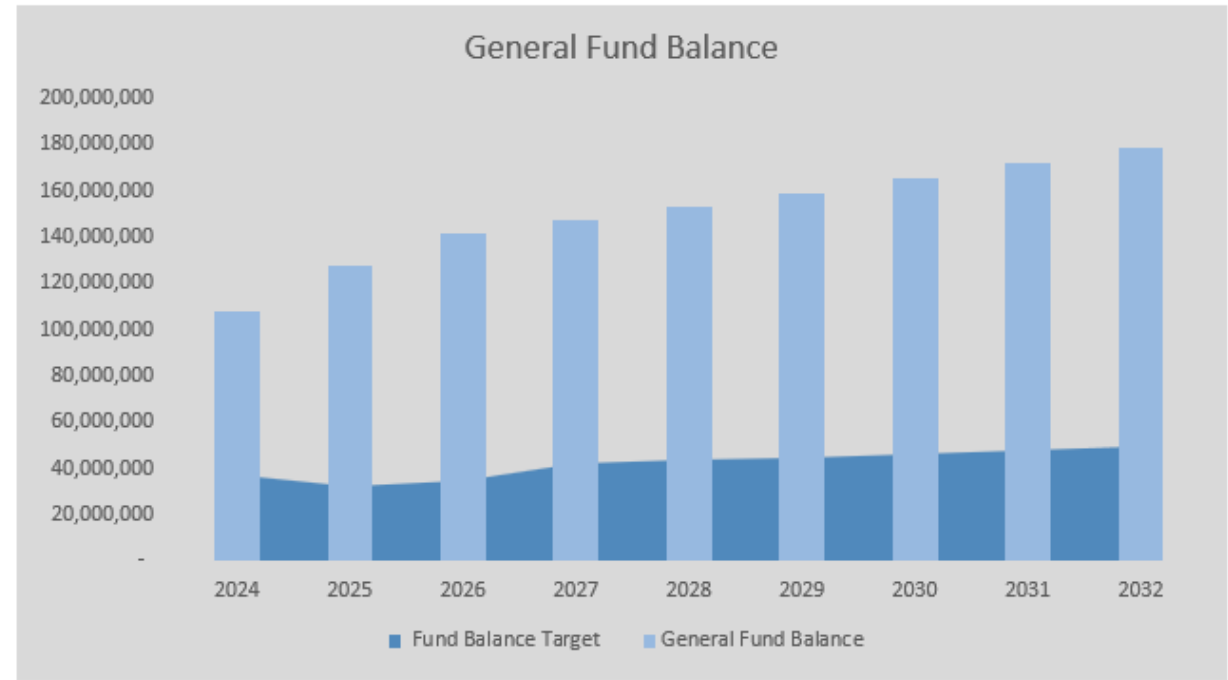
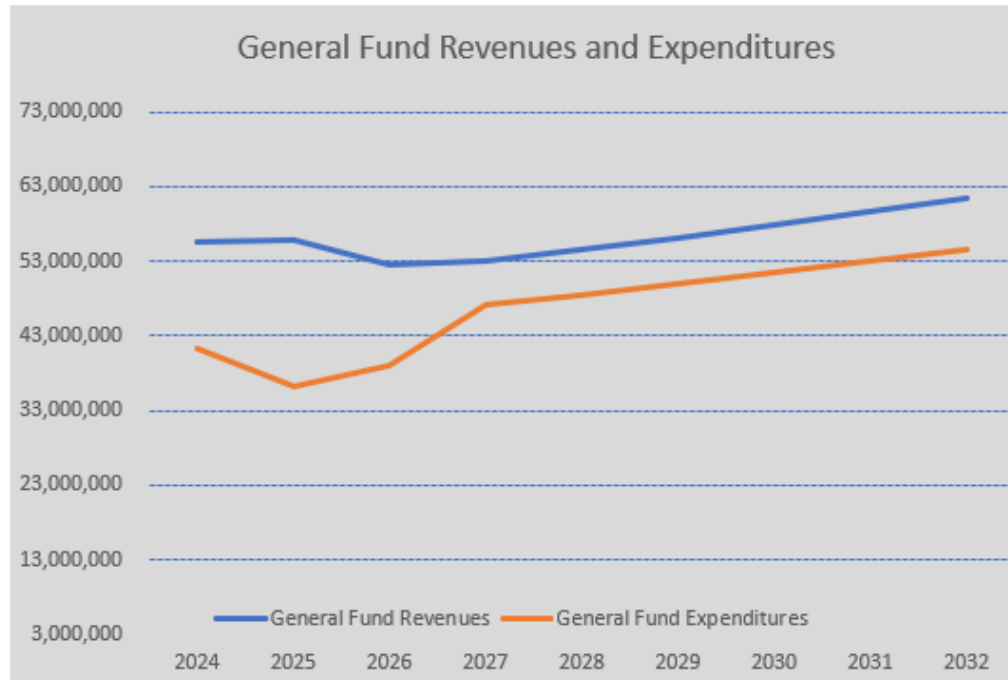
Excerpt from the Operating Budget Policies

10. In addition to regular review of its finances by staff and the Town's independent outside auditors, the Town will employ stress testing of its revenues and other reporting, as may be appropriate, to identify and model multiple risk factors to the Town's financial health and stability, including interactions among those risk factors. The information will be presented annually to the Town Council as part of its budget presentation along with any considerations or strategies that could enable the Town to be less vulnerable to identified risks.



Revenue Stress Testing

Long-Range Forecasting Model - Modest Growth

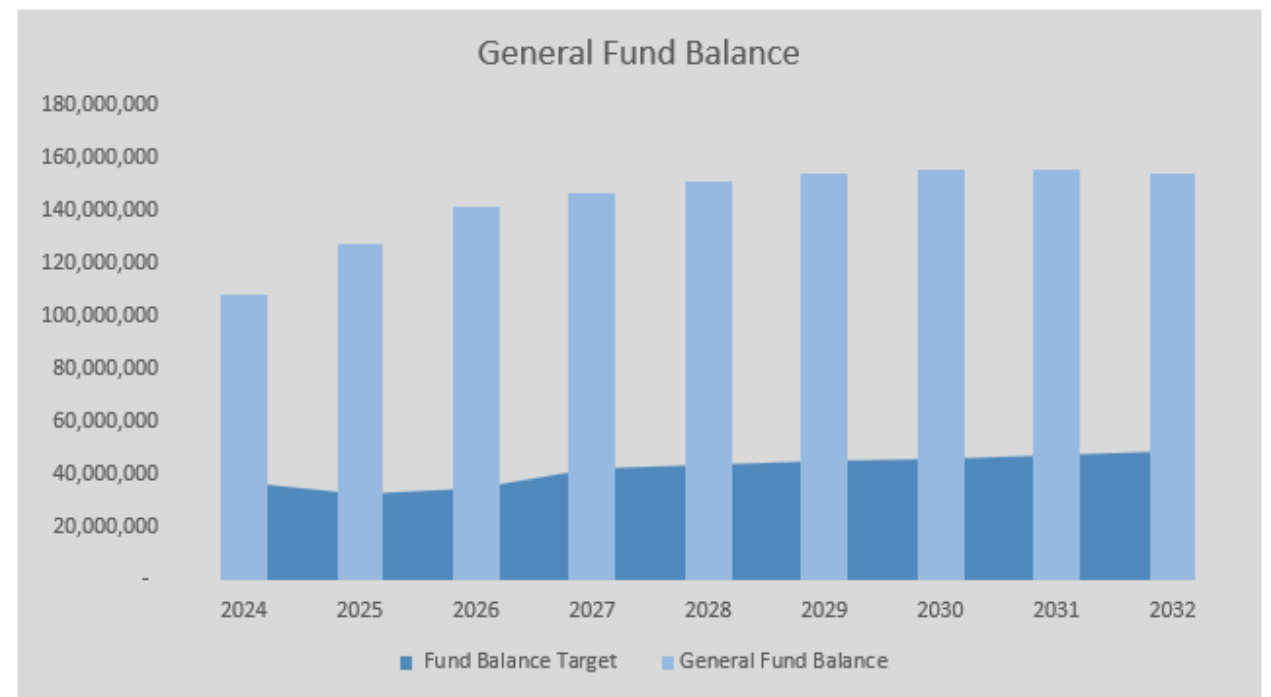
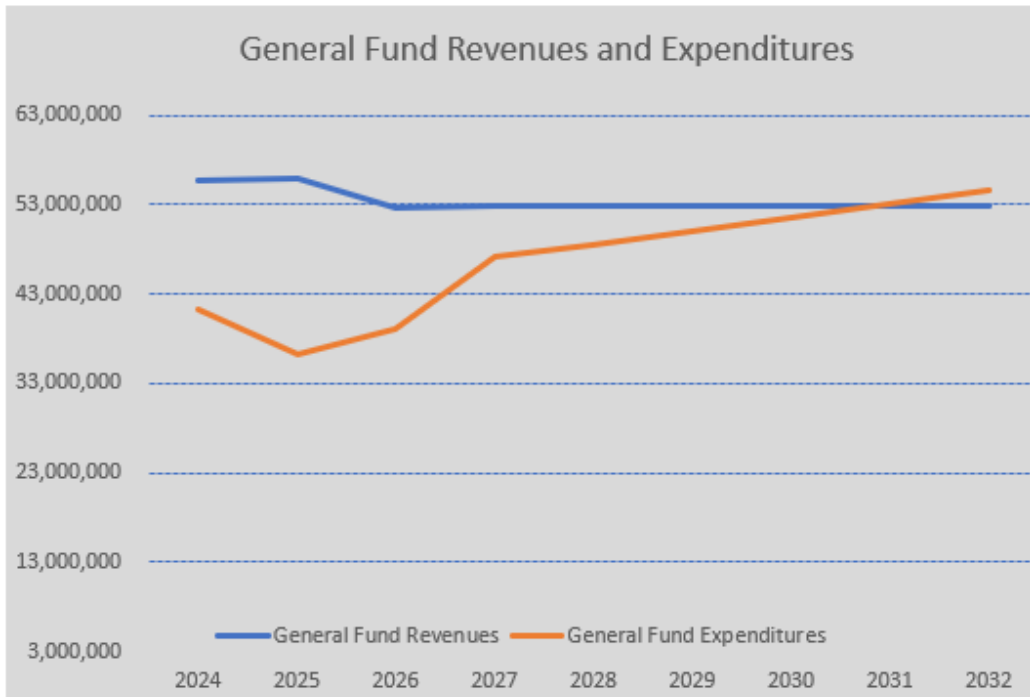


VARIABLES

Fund Balance Target (% of Operating Budget)	90%
Assumed Future Local Sales Tax Growth Rate	3.0%
Assumed Future Growth Rate of State-shared Revenue	3.0%
Assumed Future Growth Rate All other Revenues	3.0%
Adjustments to Projected Annual Expenditures	3.0%

Revenue Stress Testing

Long-Range Forecasting Model - Flat Revenue

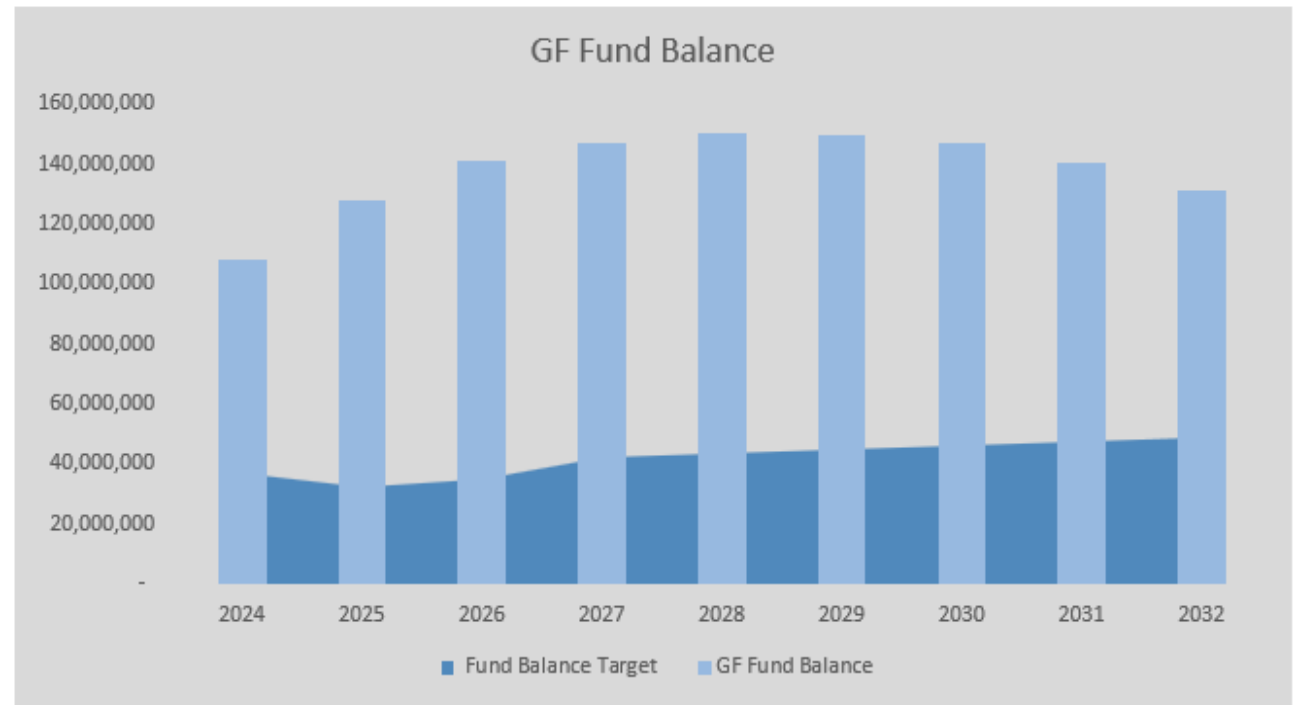
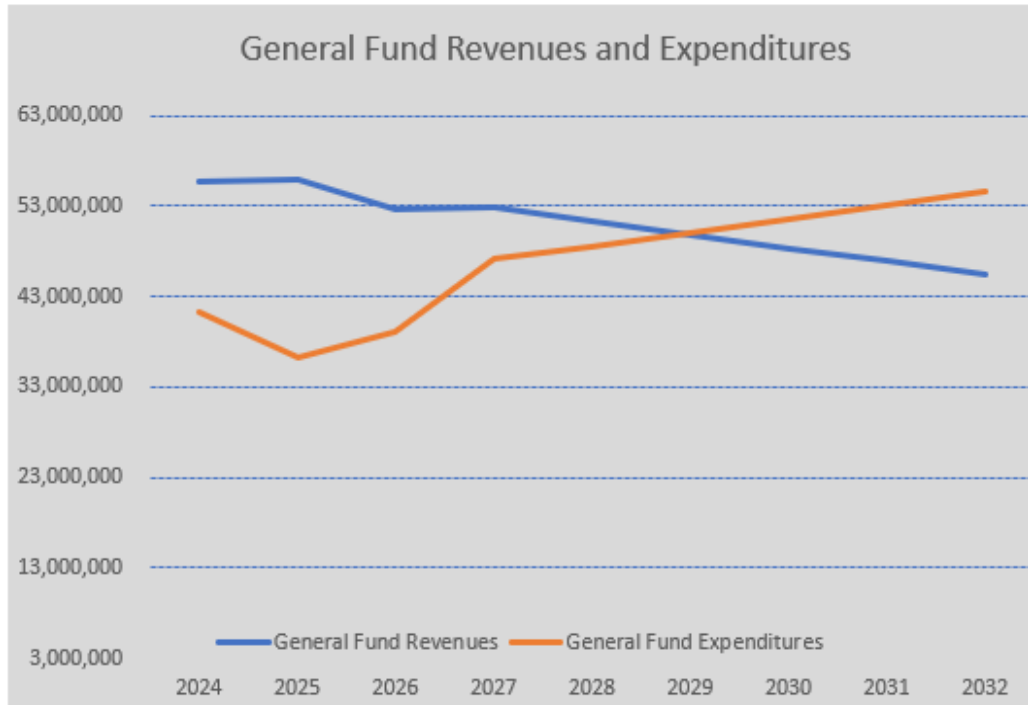


VARIABLES

Fund Balance Target (% of Operating Budget)	90%
Assumed Future Local Sales Tax Growth Rate	0.0%
Assumed Future Growth Rate of State-shared Revenue	0.0%
Assumed Future Growth Rate All other Revenue	0.0%
Adjustments to Projected Annual Expenditures	3.0%

Revenue Stress Testing

Long-Range Forecasting Model - Declining Revenue

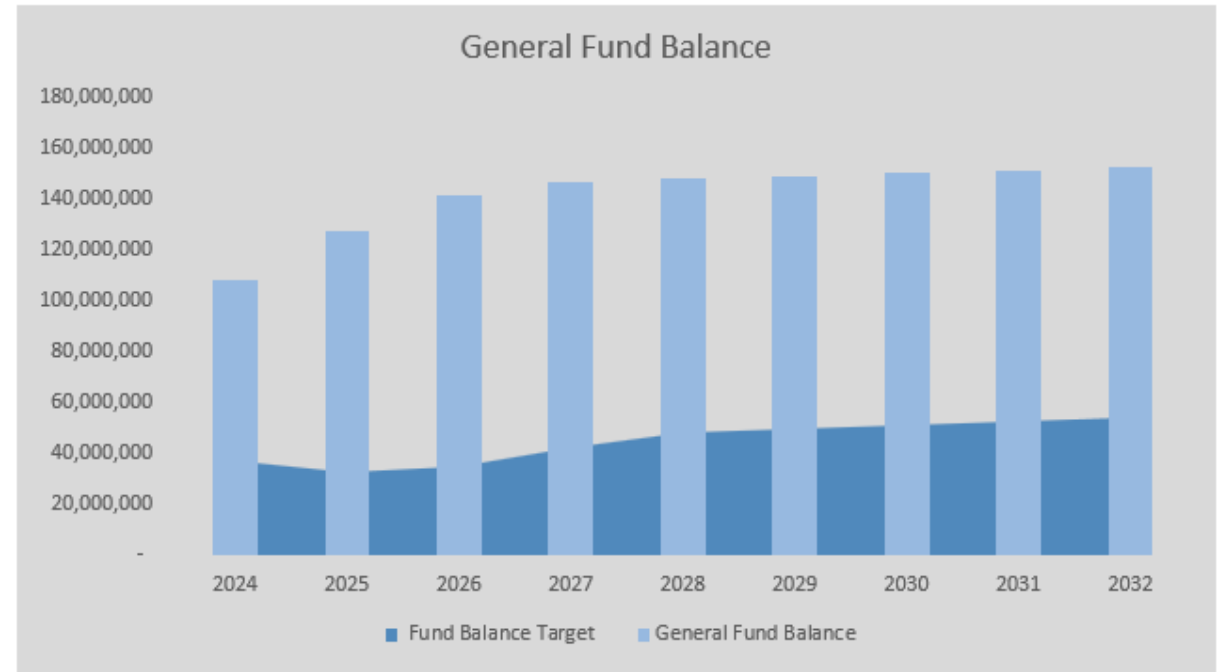
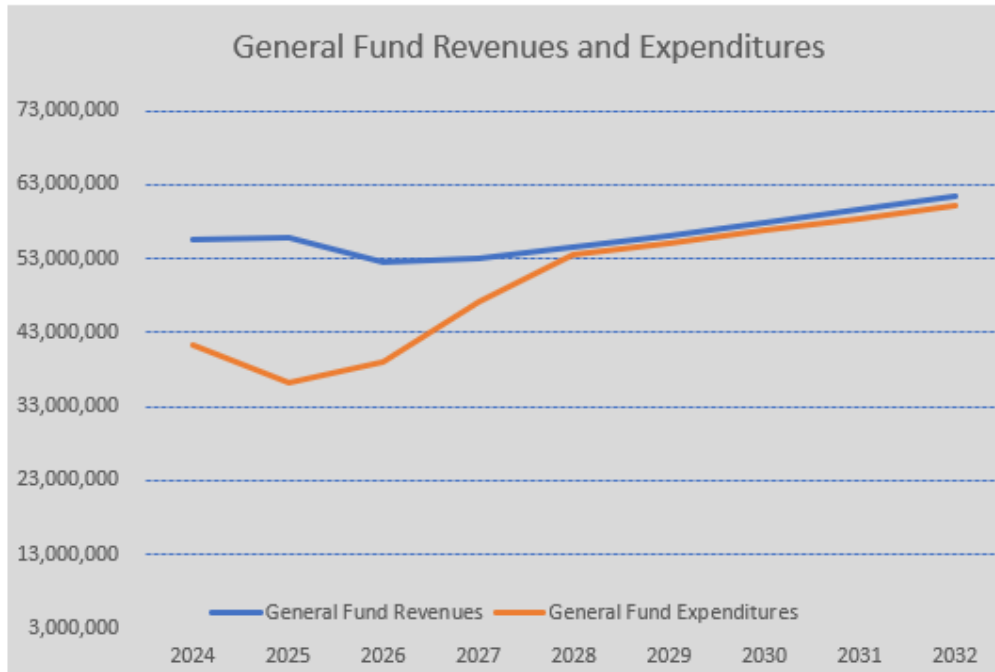


VARIABLES

Fund Balance Target (% of Operating Budget)	90%
Assumed Future Local Sales Tax Growth Rate	-3.0%
Assumed Future Growth Rate of State-shared Revenue	-3.0%
Assumed Future Growth Rate All other Revenues	-3.0%
Adjustments to Projected Annual Expenditures	3.0%

Revenue Stress Testing

Long-Range Forecasting Model - Increase to Base Expenditure



VARIABLES

Fund Balance Target (% of Operating Budget)	90%
Assumed Future Local Sales Tax Growth Rate	3.0%
Assumed Future Growth Rate of State-shared Revenue	3.0%
Assumed Future Growth Rate All other Revenues	3.0%
Adjustments to Projected Annual Expenditures	3.0%
Increase to Base Expenditure	5,000,000

Revenue Stress Testing Fund Balance

Governmental Funds					
	FY21	FY22	FY23	FY24	FY25
Revenues	38,644,215	47,045,066	49,594,182	57,874,247	58,162,533
Expenditures	<u>35,545,105</u>	<u>27,758,566</u>	<u>31,436,817</u>	<u>35,954,730</u>	<u>35,665,709</u>
Net	3,099,110	19,286,500	18,157,365	21,919,517	22,496,824
Other Financing Sources/Uses	<u>-</u>	<u>-</u>	<u>764,675</u>	<u>-</u>	<u>(1,200,000)</u>
Change in Fund Balance	3,099,110	19,286,500	18,922,040	21,919,517	21,296,824
Fund Balances	66,823,137	86,109,637	105,031,677	126,951,194	148,248,018
Percent Increase	5%	22%	18%	17%	14%



Preliminary Proposed Budget General Fund

General Fund	FY24	FY25	FY26	FY27		
Departments	Actual	Actual	Budgeted	Proposed	\$ Change	% Change
Community Development	3,288,360	3,975,106	4,111,881	4,381,216	269,335	6.6%
Finance	988,428	1,100,051	1,178,597	1,207,279	28,682	2.4%
Information Technology	1,662,245	2,059,458	2,096,889	2,202,312	105,423	5.0%
Mayor & Council	493,496	494,550	482,379	500,279	17,900	3.7%
Municipal Court	1,082,380	987,356	1,119,901	1,366,519	246,618	22.0%
Police Department	14,435,682	12,609,045	13,083,724	13,165,361	81,637	0.6%
Post Office	519,978	619,756	635,113	658,082	22,969	3.6%
Public Works	799,605	1,070,243	1,495,115	1,559,828	64,713	4.3%
Town Attorney	691,778	944,583	976,138	856,148	(119,990)	-12.3%
Town Manager	1,207,311	1,328,431	1,529,222	1,636,116	106,894	7.0%
Total Departments	25,169,262	25,188,579	26,708,959	27,533,140	824,181	3.1%

Preliminary Proposed Budget General Fund

	FY24	FY25	FY26	FY27		
General Fund	Actual	Actual	Budgeted	Proposed	\$ Change	% Change
Tourism & Promotion	2,194,480	2,490,800	2,605,340	2,605,340	-	0%
Contingency	5,000,000	2,500,000	3,576,043	5,713,837	2,137,794	60%
Total General Fund	32,363,742	30,179,379	32,890,342	35,852,317	2,961,976	9%

Preliminary Proposed Budget Other Funds

	FY24 Actual	FY25 Actual	FY26 Budgeted	FY27 Proposed	\$ Change	% Change
Special Revenue Funds						
HURF	3,872,152	3,928,572	7,583,088	7,091,976	(491,112)	-6%
All other special revenue funds	831,562	849,952	873,765	995,955	122,190	14%
Total Special Revenue Funds	4,703,714	4,778,524	8,456,853	8,087,932	(368,922)	-4%
Debt Service Fund	1,402,790	1,416,501	1,409,021	-	(1,409,021)	-100%
Capital Projects Fund	1,895,899	7,507,122	10,127,000	15,916,280	5,789,280	57%
Enterprise Funds	8,222,221	7,914,578	8,443,588	9,145,554	701,966	8%
Total All	48,588,366	51,796,104	61,326,803	69,002,083	7,675,280	13%



Preliminary Proposed Budget Expenditure Limitation

Fund	FY26 Budget	FY27 Budget	Change	% Change
General Fund (Departments)	26,708,959	27,533,140	824,181	3.1%
Tourism	2,605,340	2,605,340	-	0.0%
General Fund Contingency	3,576,043	5,713,837	2,137,794	59.8%
Debt Service Fund	1,409,021	-	(1,409,021)	-100.0%
Capital Projects Fund	10,127,000	15,916,280	5,789,280	57.2%
Special Revenue Funds	8,456,853	8,087,932	(368,922)	-4.4%
Enterprise Funds	8,443,588	9,145,554	701,966	8.3%
Total	61,326,803	69,002,083	7,675,280	12.5%
Estimated Exclusions	14,425,235	20,721,000	6,295,765	43.6%
Adjusted Total	46,901,568	48,281,083	1,379,515	2.9%
Expenditure Limitation	46,901,569	48,281,082	1,379,513	2.9%
Over/(Under)	1	(1)	(2)	



Recap

- Pension
- Revenues
- Preliminary Budget
- Tentative Budget – April 23, 2026

Questions