

City of Scottsdale, Arizona

Adopted FY 2006/07 Budget

Budget Summary

Volume One



City Council

Mary Manross, Mayor
W.J. "Jim" Lane, Vice Mayor
Betty Drake
Wayne Ecton
Robert Littlefield
Ron McCullagh
Tony Nelssen

Administrative Staff

Jan M. Dolan,
City Manager

Ed Gawf,
Assistant City Manager

Roger Klingler,
Assistant City Manager

Neal Shearer,
Assistant City Manager

Craig Clifford, CPA, MBA,
Chief Financial Officer

Art Rullo, MPA,
Budget Director

**City of Scottsdale
FY 2006/07 Budget
Volume One
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Table of Contents**

.....

City Manager’s Transmittal Letters.....1	Debt Service Fund.....50
Overview	Enterprise Funds
How to Use This Book17	Water & Sewer Funds52
Recommended Budget Practices18	Solid Waste Fund54
Budget Definition and Mission18	Aviation Fund56
Principles and Elements of the Budget Process.....19	Internal Service Funds
Budget Roles and Responsibilities20	Fleet Management Fund58
Scottsdale’s Budget Process/Budget Phases21	Self-Insurance Fund60
Needs Assessment and Financial Capacity21	Trust Funds.....62
Policy/Strategy Development and Prioritization	Capital Improvement Fund64
Process Phase22	Total Budget Appropriation - All Funds66
Budget Development and Prioritization	Budget by Fund
Process Phase23	Legal Compliance and Financial Management69
City Management Review and Modification Phase.....23	Fund Accounting - Fund Types69
Budget Subcommittee and	General Fund.....70
City Council Review and Adoption Phase24	Revenue and Transfers-In.....70
Implementing, Monitoring, and Amending	Local Tax Revenue71
the Budget Phase.....25	State-Shared Tax Revenues.....74
Use of Contingency/Reserve Fund.....26	Licenses, Permits & Fees Revenues.....76
Budgetary and Accounting Basis.....26	Fines and Forfeiture Revenues78
Operating and Capital Budget Relationship26	Interest Earnings.....79
Five-Year Financial Plan.....27	Property Rental Revenue80
Revenue Forecasting28	Other Revenue80
Comprehensive Financial Policies.....29	Transfers-In80
Operating Management Policies29	Expenditures By Type81
Capital Management Policies.....30	General Fund Balance/Reserves/ Operating Contingency.....85
Debt Management Policies31	Special Revenue Funds86
Reserve Policies.....32	Transportation Fund
Financial Reporting Policies33	Revenues.....86
Fund Summaries & Five-Year Plans	Expenditures by Expenditure Type87
Fund Accounting - Fund Types35	Fund Balance.....89
General Fund.....36	Preservation Privilege Tax Fund
Special Revenue Funds	Revenues.....90
Transportation Fund40	Expenditures by Expenditure Type91
Preservation Fund42	Fund Balance.....92
Special Programs.....44	
Special Districts Fund.....48	

City of Scottsdale FY 2006/07 Budget Volume One Budget Summary

Table of Contents



Special Programs Fund		Trust Funds	
Revenues.....	93	Mayor's Committee for Employment	
Expenditures by Department	97	of the Handicapped	128
Fund Balance.....	100	Scottsdale Memorial Hospital Redevelopment.....	128
Special Districts Fund		Fund Balance.....	128
Revenues.....	101	Program Operating Budget by Department/Program	129
Expenditures by Department	101	Program Budget Relationship with Mayor and	
Fund Balance.....	101	City Council's Broad Goals	134
Grants		Capital Project Budgets	
Revenues.....	102	Five-Year Capital Improvement Plan	139
Expenditures by Grant.....	104	Source of Funds	144
Fund Balance.....	104	Use of Funds	146
Debt Service Fund		CIP Five-Year Plan	150
Revenues and Transfers-In	105	Capital Project List.....	152
Expenditures by Debt Type	107	Capital Projects Operating Impacts	162
Fund Balance	108	Appendix	
Enterprise Funds		Staffing Equivalency by Department	165
Water & Sewer Fund		Staffing Equivalency by Department/Funding Source ...	166
Revenues and Transfers-In	109	City Staff Support	
Expenditures by Expenditure Type	112	Budget Liaisons.....	167
Fund Balance/Reserves	113	Capital Improvement Plan Coordination Teams	167
Solid Waste Fund		Debt Service Expense	168
Revenues.....	114	Long-term Debt Outstanding	171
Expenditures by Expenditure Type	115	Computation of Legal Debt Margins	173
Fund Balance.....	116	General Fund Five-Year Privilege Tax Forecast	174
Aviation Fund		Acronyms.....	175
Revenues.....	117	Glossary of Terms.....	176
Expenditures by Expenditure Type	118	Budget Ordinance.....	182
Fund Balance.....	119	Property Tax Levy Ordinance	195
Internal Service Funds			
Fleet Management Fund			
Revenues and Transfers-In	120		
Expenditures by Expenditure Type	121		
Fund Balance.....	123		
Self-Insurance Fund			
Revenues and Transfers-In	124		
Expenditures by Expenditure Type	126		
Fund Balance.....	127		

Mayor and City Council's Mission

The mission of the City of Scottsdale is to cultivate citizen trust by fostering and practicing open, accountable, and responsive government; providing quality core services; promoting long-term prosperity; planning and managing growth in harmony with the City's unique heritage and desert surroundings; strengthening the City's standing as a preeminent destination for tourism; and promoting livability by enhancing and protecting neighborhoods. Quality of life shall be the City's paramount consideration.

Mayor Mary Manross



Mayor Mary Manross has been Mayor of Scottsdale since June 2000. She was reelected and began her second term as Mayor in June 2004. Previously, she served two terms as a City Councilwoman from 1992 to 2000. She also served six years on the Scottsdale Parks and Recreation Commission, including one term as chairwoman. She spent four years on the Planning Commission and served as vice chairwoman of the Scottsdale Bond Committee in the early 1980s. She participated in the Governor's Task Force on Urban Planning, the Arizona Town Hall, served as a League of Woman Voters board member, chaired the Maricopa Association of Governments (MAG) Youth Policy Advisory Committee, and was a member of the National League of Cities (NLC) Energy, Environment and Natural Resources Policy Committee.

Today, Mayor Manross serves as Vice Chair of the MAG Executive Council and Chairs the MAG Regional Domestic Violence Council. She is a member of the Executive Committee of the Arizona League of Cities and Towns and is a board member and former treasurer of the Arizona Municipal Water Users Association. She also serves on the NLC Transportation Infrastructure Steering Committee, the primary group responsible for the NLC's National policy on transportation.

Prior to her time in elected office, Mayor Manross was director and an instructor of the Marriage Preparation Seminars at the Franciscan Renewal Center for 22 years. She also served as Vice President of the Casa de Paz Y Bien Foundation and as a member of the leadership team for the Valley Interfaith Project. She earned a bachelor's degree in political science from UCLA and a teaching credential from Minot State University in North Dakota. She and her husband Larry have four children and two grandchildren.

Mayor and City Council's Broad Goals

Goal A: Neighborhoods

Enhance and protect a diverse, family-oriented community where neighborhoods are safe, protected from adverse impacts, well maintained and actively revitalized.

Goal B: Environmental Sustainability & Preservation

Preserve Scottsdale's desert environment and natural resources, and honor the City's heritage and character.

Goal C: Transportation

Strengthen the transportation system for the safe, efficient and affordable movement of people and goods.

Goal D: Economy

Position Scottsdale for short- and long-term economic prosperity by strengthening, expanding and diversifying our economic resources.

Goal E: Public Safety

Protect Scottsdale residents and visitors by providing quality public safety and homeland security services.

Goal F: Fiscal and Resource Management

Provide the means to reach other goals by ensuring Scottsdale is fiscally responsible and fair in its management of taxpayer money and City assets, and coordinates land use and infrastructure planning within the context of financial demands and available resources.

Goal G: Open and Responsive Government

Make government accessible, responsive and accountable so that decisions reflect community input and expectations.

Note: See Program Budget Matrix on pages 134-138 in Volume Two.



Council Member Betty Drake

Council Member Betty Drake began her first term on the Scottsdale City Council in June 2004. She has served in a wide variety of official positions and held leadership positions at the local, state and federal levels. In Scottsdale, Council Member Drake served on the City Council Budget Subcommittee for the FY 2006/07 budget, she also served from 1996 to 2002 on the Scottsdale Planning Commission, from 1993 to 1996 on the Development Review Board, in 1993 on the Historic Preservation Task Force, and in 1992 on the Bicycle and Pedestrian

Transportation Plan Task Force. Council Member Drake has lived in Scottsdale since 1987 and has been an Arizona resident since 1947. She has been active in community groups and is a member of the Arizona Trail Advisory Council for the Arizona Trail Association and a former member of the Casas Dia Festivo Homeowners Association Board of Directors. She is President of Drake & Associates, which she founded in 1979 to provide consulting services in city planning, public art, bicycle and pedestrian planning and urban design. She holds a Bachelor of Architecture degree from the University of California at Berkeley.



Councilman Wayne Ecton

Councilman Wayne Ecton was elected to his first term on the Scottsdale City Council in March 2002 and was reelected to a second term beginning in June 2006. Councilman Ecton was the Chairperson of the three member City Council Budget Subcommittee for the FY 2005/06 budget. He previously served on the 2004/05 City Council Budget Subcommittee, the 2001/2002 Citizens Budget Committee and the Big Box Ideas Team, which helped the City develop an ordinance to regulate the placement and appearance of "big box" retail buildings. A Scottsdale resident

since 1996, Councilman Ecton is a member of the Coalition of Pinnacle Peak, the Greater Pinnacle Peak Homeowners Association, Friends of the McDowell Land Trust and the Foothills Community Foundation. He also is a member of the Scottsdale Center for the Arts, the Art Alliance for Contemporary Glass, the American Craft Council and the Glass Art Society. Councilman Ecton retired from Alcoa after 33 years in high-level financial management positions in the U.S. corporate headquarters and International and U. S. operating locations. Councilman Ecton holds a bachelor's degree in business. He was also a member of the Financial Executives Institute until his retirement.



Vice Mayor W.J. "Jim" Lane

Councilman W. J. "Jim" Lane began his first term on the Scottsdale City Council in June 2004. Councilman Lane served on the 2002 Scottsdale Fire & EMS Advisory Committee, which was convened to evaluate and make recommendations to the City regarding fire and emergency medical services operations and costs. In 2003, he volunteered to co-chair the "Know Enough to Vote NO Committee" to oppose ballot measures to end the City's contract with Rural/Metro Corp. for fire and emergency medical services. His community service also includes six years on the

YMCA Board of Management. He came to Scottsdale from New Jersey in 1973 to take a position with KPMG (Peat Marwick), an international public accounting firm. He worked as a Certified Public Accountant (CPA) for twenty years with five of those years in the Public Accounting and Auditing Division. Councilman Lane has owned or operated businesses in construction, mining, computer technology, telecommunications and regional aviation. He currently owns a telecommunications and Internet consulting company, Chatham Hill Group LLC, headquartered in the Scottsdale Airpark. He holds a bachelor's degree in accounting from Saint Joseph's University.



Councilman Robert Littlefield

Councilman Robert Littlefield was elected to his first term on the Scottsdale City Council in May 2002 and was reelected to a second term beginning in June 2006. Councilman Littlefield was the Chairperson of the three member City Council Budget Subcommittee for the FY 2006/07 budget. He also

previously served as the Chairman of the 2004/05 City Council Budget Subcommittee. He is the founder and president of NetXpert Systems, Inc., a Scottsdale-based computer company. He also is a commercial pilot and flight instructor. Councilman Littlefield has been involved in a variety of civic, youth and professional organizations. He is a member and former director of the Arizona Software & Internet Association, the Arizona Pilot's Association, Aircraft Owners and Pilots Association, National Federation of Independent Business, American Legion, Kiwanis Club and Civitan. A Vietnam combat veteran, Councilman Littlefield served in the U.S. Army from 1968 to 1970 and in the Arizona Army National Guard from 1971 to 1974. Councilman Littlefield holds a bachelor's degree in engineering from Arizona State University.



Councilman Tony Nelssen

Councilman Tony Nelssen began his first term on the Scottsdale City Council in June 2006. He is a third generation native Arizonan and 19-year Scottsdale resident, has been active in civic affairs for more than two decades and has served on a variety of city commissions and advisory groups, as well as neighborhood and civic associations. Councilman

Nelssen was a member of the Planning Commission and the Parks and Recreation Commission. He served on the Desert Foothills Character Area Working Group, the Desert Subcommittee for the McDowell Sonoran Preserve Commission, the General Plan Task Force and the Wireless Ideas Team. He has been involved in many city initiatives, including the Environmentally Sensitive Lands Ordinance, the Desert Foothills Overlay, the city Trails Master Plan, Local Area Master Plan, Sign Ordinance, Rural Road Design Standards and Scenic Corridor Guidelines. He currently serves on the Arizona State Heritage Fund Public Advisory Committee. He is a computer arts and digital photography instructor at Paradise Valley Community College, and has taught courses at Arizona State University, Phoenix College and Scottsdale Community College. He holds bachelor and master of fine arts degrees and a master of arts degree in secondary education from Arizona State University.



Councilman Ron McCullagh

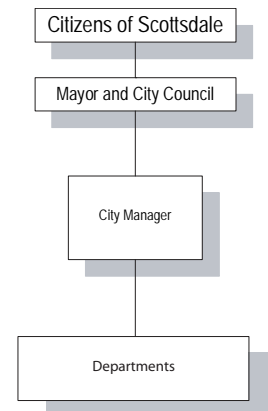
Councilman Ron McCullagh began his first term on the Scottsdale City Council in June 2004. Councilman McCullagh was a member of the City Council Budget Subcommittee for the FY 2005/06 and FY 2006/07 budgets. Councilman McCullagh has lived in the Valley for 28 years and in Scottsdale for the past 12 years. His career experience

includes six years as a university professor and 20 years as a businessman in the financial services industry. He is retired. He is Past President of Valley Citizens League and serves on its board of directors. He also serves on the boards of Scottsdale Sister Cities, Scottsdale Rotary Club and the District 8 Republican Committee. He also is a member of the Scottsdale Leadership Class XVIII, Arizona Town Hall, the Arizona Tax Research Association, and the Arizona League of Women Voters. He holds bachelor's and master's degrees in business from the University of North Dakota, and a doctorate in business administration from the University of Florida. He is active with civic duties, he enjoys tennis, sailing, hiking and golf.

Form of Government and Organization

The Mayor and six City Council members are elected at large on a non-partisan ballot for a four-year term. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The City Manager, in turn, appoints City employees and department General Managers under service procedures specified by the Charter.

See the full City Organizational Chart in the Introduction section of this volume.





**Janet M. Dolan,
City Manager**

Janet M. Dolan has been City Manager of Scottsdale since August 2000. Prior to her arrival in Scottsdale, she served 10 years as City Manager of Menlo Park, California. From 1984 to 1990, she served as Assistant City Manager in Santa Rosa, California, where

she was responsible for labor relations and oversaw the Public Works, Recreation and Parks, Community Development and Utilities departments. From 1982 to 1984 she served as Assistant to the City Manager of Reno, Nevada and as Director of Administrative Services/Administrative Assistant in Great Falls, Montana, from 1979 to 1984. Ms. Dolan has a Bachelor of Arts degree with honors from the University of Montana, graduate coursework in public administration from Montana State University, and leadership training at the Senior Executive Institute for Government Officials at the University of Virginia. As Scottsdale's City Manager, she is a member of the management committees for the Maricopa Association of Governments, the Regional Public Transportation Authority and the Southwest Regional Operating Group, which oversees wastewater operations for a consortium of Valley cities.

**Ed Gawf,
Assistant City Manager**

Ed Gawf was appointed to Assistant City Manager in September 2001. His responsibilities include overseeing the City's Transportation, The Downtown Group, Planning & Development Services, Citizen & Neighborhood Resources and Preservation Departments.

Ed began his career as a Planner with the City of Arvada, Colorado before moving on to Boulder where he held several positions, including Director of Planning. As Ed's career developed, he moved to San Jose, California where he served in a variety of roles including the Deputy Director of Planning, Building and Code Enforcement. Before moving to Scottsdale, Ed was the Director of Planning and Community Environment for the City of Palo Alto, California. In this role, Ed oversaw the transportation, building and planning processes of the City. He holds a Bachelor of Arts as well as a Masters degree, both in Political Science, from Oklahoma State University, and is a member of the American Institute of Certified Planners.

**Roger Klingler,
Assistant City Manager**

Roger Klingler was appointed Assistant City Manager in February, 1998, and has responsibility for overseeing the City's Water Resources, Municipal Services Departments, WestWorld and the implementation of the City's CIP Program. He has served the City since 1979 in several capacities. He was Water Resources General Manager from 1994 to 1998, and Assistant General Manager from 1990 to 1994.

Mr. Klingler previously served the City as Assistant to the City Manager for Intergovernmental Relations, representing the City before the State Legislature and other state, federal and local agencies. He also worked as a Management Assistant in the City's office of Management and Productivity, analyzing and implementing productivity improvements in various City Departments.

He received his Master's Degree in Public Administration and Bachelors of Arts Degree in Political Science from Michigan State University. Mr. Klingler is on the Board of Managers for the Scottsdale/Paradise Valley YMCA, is a graduate of Valley Leadership Class XII, and Scottsdale Leadership Class I, and is a member of the International City Management Association and the Arizona City/County Management Association.

**Neal Shearer,
Assistant City Manager**

Assistant City Manager Neal Shearer is responsible for the Community Services, Financial Services, Human Resources, and Information Systems departments and for the offices of Communications and Public Affairs (CAPA) and Constituent and Intergovernmental Relations.

He has worked in a wide variety of management positions in the City. Neal came to work for Scottsdale in 1977 as an Intern in the Budget and Program Evaluation Office, worked as a Management Assistant in Community Development and the City Manager's Office, served in Human Resources as Manager and Assistant Director. He has served as Internal Auditor, Executive Assistant to the Mayor and City Council and Assistant to the City Manager for Intergovernmental Relations. In 1994 he became Human Services Director and Advisor to the City Manager, then was promoted to Administrator of Organizational Effectiveness in 1997 and to General Manager of the Human Resources Department in 2001. He was appointed to his current position in 2004.

He has a Master's Degree in Public Administration from the John F. Kennedy School of Government at Harvard University and Executive Management Certificates from Harvard and Arizona State University. He holds a Bachelor's in Social Sciences from Illinois State University.

**Craig Clifford, CPA, MBA,
Chief Financial Officer**

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Craig Clifford is a Certified Public Accountant and Certified Government Financial Manager, hired by the City in 1992. Prior to joining the City he served as Accounting Manager, Budget Manager and Auditor for other Arizona municipalities and worked in the banking industry. He earned undergraduate degrees in Business Management and Accounting from Arizona State University and a Masters in Business Administration with honors from the University of Phoenix. He is also a graduate of The Advanced Government Finance Institute sponsored by the Government Finance Officers Association (GFOA), the Advanced Public Executive Program sponsored by Arizona State University, and the College for Financial Planning, Denver, Colorado. He currently serves on the GFOA Executive Board, ex-officio member of the Economic Development and Capital Planning Subcommittee, and is Past President of the Arizona Finance Officers Association. He is a member of the Arizona Society of CPAs, American Institute of CPAs, Association of Government Accountants, Municipal Treasurer's Association and Diplomat of the American Board of Forensic Accounting.

**Art Rullo, MPA,
Budget Director**

.....
Art Rullo joined the Financial Services staff as Budget Director in August of 2002. Art holds a Bachelor of Science degree in Accounting from Saint Vincent College and a Masters of Public Administration degree from the University of Pittsburgh. Over his professional career Art has worked for large urban city and county governments as well as an international public accounting firm. His professional designations include Certified Government Finance Manager (CGFM) and a Certified Public Finance Officer (CPFO). Art also serves as a budget reviewer for the Government Finance Officers Association.

**Bryan Bundy, MBA,
Senior Budget Analyst**

.....
Prior to joining the City of Scottsdale in May 2003 Bryan was employed for 11 years with the State of Arizona. He holds a Bachelor of Science degree in Accounting from Arizona State University and an M.B.A. in Management Information Systems from Western International University.

**Joyce Gilbride, CPA, MBA,
Senior Budget Analyst**

.....
Joyce Gilbride is a Certified Public Accountant and holds a Master of Business Administration degree from the University of Phoenix. During her career with the City, she has held a series of increasingly responsible positions in areas of accounting, audit, and budget.

**Judy McIlroy, MBA,
Senior Budget Analyst**

.....
Judy McIlroy joined the Financial Services staff in December 2003. Prior to joining the City, she served as a Budget Analyst with the Arizona Department of Health Services. Judy holds a Bachelor of Science degree with honors in Business Management and a Master of Business Administration degree with honors from the University of Phoenix.

**Joanna Munar, MBA,
Senior Budget Analyst**

.....
Joanna holds a Bachelor of Science degree in Business Management & Marketing and a Master of Business Administration from the University of Phoenix. Prior to joining the City of Scottsdale, she spent nearly two decades in the private sector managing various operations throughout the West and Southwest. Prior to joining the City of Scottsdale in November 2005 she worked with the State of Arizona as a Compliance Auditor.

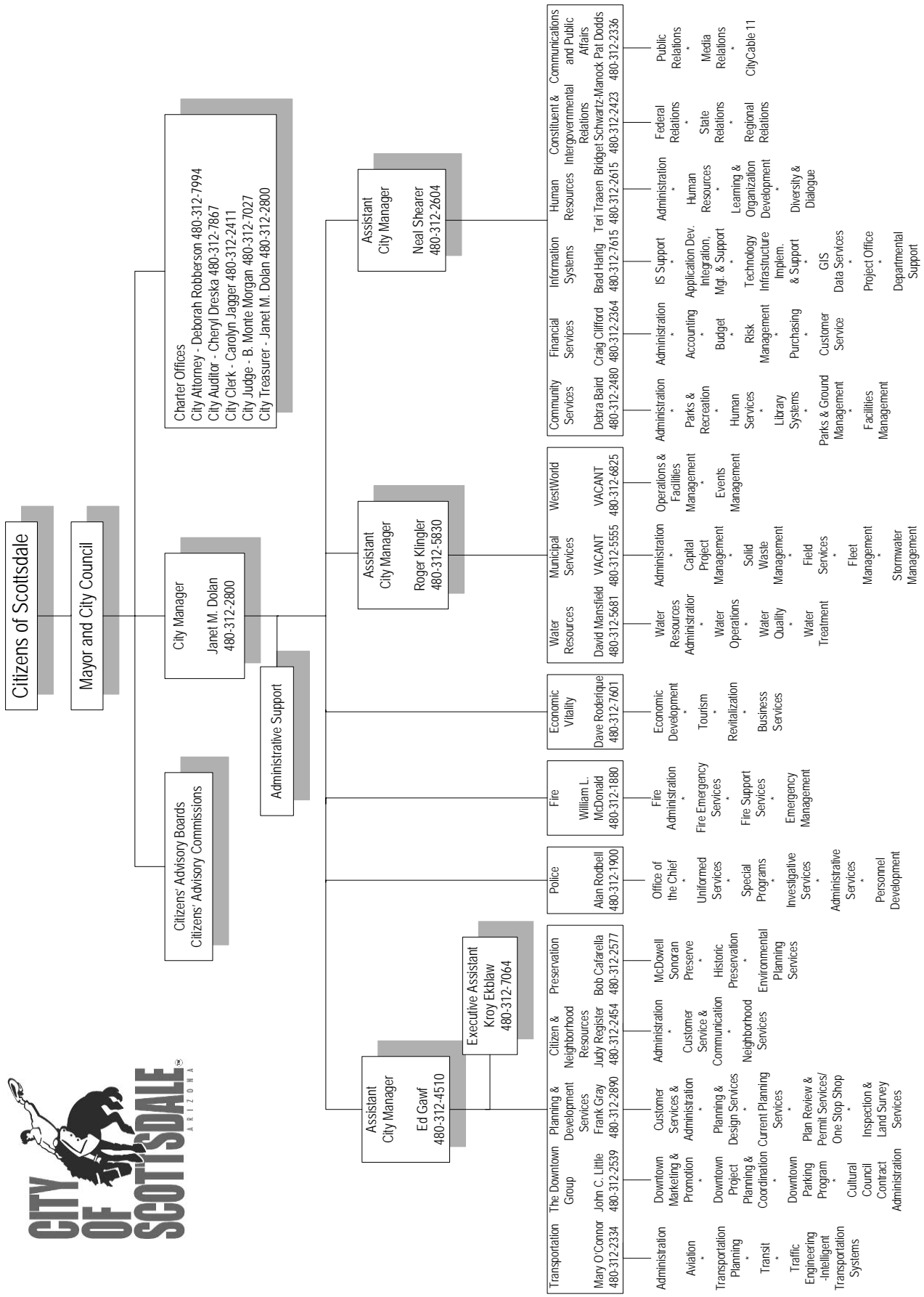
**Sylvia Romero, MPA,
Senior Budget Analyst**

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Sylvia Romero joined the Financial Services staff in March 2005. Prior to joining the City, she served as a Senior Management Assistant with the City of Chandler and as a Senior Management and Budget Analyst with Maricopa County. Sylvia holds a Bachelor of Science degree in Public Administration and a Master of Public Administration degree from the University of Arizona.

**Erica Stierle, M.Ed.,
Database & Information Management Analyst**

.....
Erica joined the Financial Services staff in May 2006. Hired by the City in 1996, she has held a series of increasingly responsible positions in the technological field. Erica holds a Bachelor of Arts degree with honors in Liberal Studies (English/Humanities) and a Master of Educational Leadership degree with honors from Northern Arizona University.

CITY ORGANIZATIONAL CHART



Origin and Historical Summary

In 1888, Army Chaplain Winfield Scott visited the Valley of the Sun and subsequently made a down payment on a section land in order to start a farming practice upon his retirement from the Army. Scott's purchase and subsequent farming of the land would be the impetus for the historic development of the town that is now modern day Scottsdale.

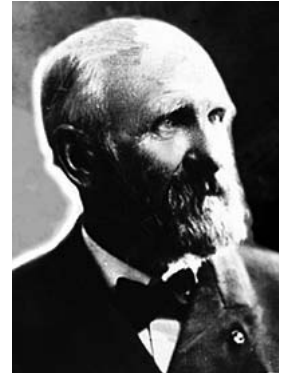
Like other Arizona cities and towns, the provision of a reliable water supply was critical to sustaining the community after its initial settlement by Chaplain Winfield Scott in the late 1800s. With the construction of both the Granite Reef Dam in 1908 and the Roosevelt Dam in 1911, Scottsdale shared in the population boom that transformed the Salt River Valley. Between 1908 and 1933 Scottsdale grew slowly, but steadily as a small market town principally providing services for families involved in the agricultural industry.

Scottsdale's favorable climate, irrigated desert location, and beautiful scenery influenced its initial settlement as well. Many health seekers came to Scottsdale, and those who were able to relocate to enjoy the advantages of the climate tended to be affluent. Many of the community's original settlers who were recruited by Winfield Scott from the East and Midwest were educated and had an established appreciation for cultural activities. These early settlers established the Scottsdale public school system in 1896, supported the burgeoning artists and writers culture that began relocation here in the early 1900's, and promoted Scottsdale's affiliation with the earliest area resorts, the Ingleside Inn (1909) and the Jokake Inn (1922).

The Depression Era saw an influx of artists and architects to Scottsdale, one of the most renowned being Frank Lloyd Wright. Wright first came to Arizona to work on a desert resort project in Chandler in 1927 and worked on the design for the Arizona Biltmore Resort in 1929. In 1937, Wright and his wife purchased 600 desert acres at the foot of the McDowell Mountains and built Taliesin West, his winter home and his architectural firm's southwestern headquarters.

In 1947, the Scottsdale Chamber of Commerce was incorporated and Scottsdale leaders engaged in a conscious effort to promote a special identity for the town. Scottsdale was the only local community to formally embrace the western atmosphere that helped distinguish it from other tourist destinations. A design theme for the downtown was established with a "western" image and lifestyle and the city's moniker the "West's Most Western Town" was coined. In 1951, the town incorporated into the City of Scottsdale.

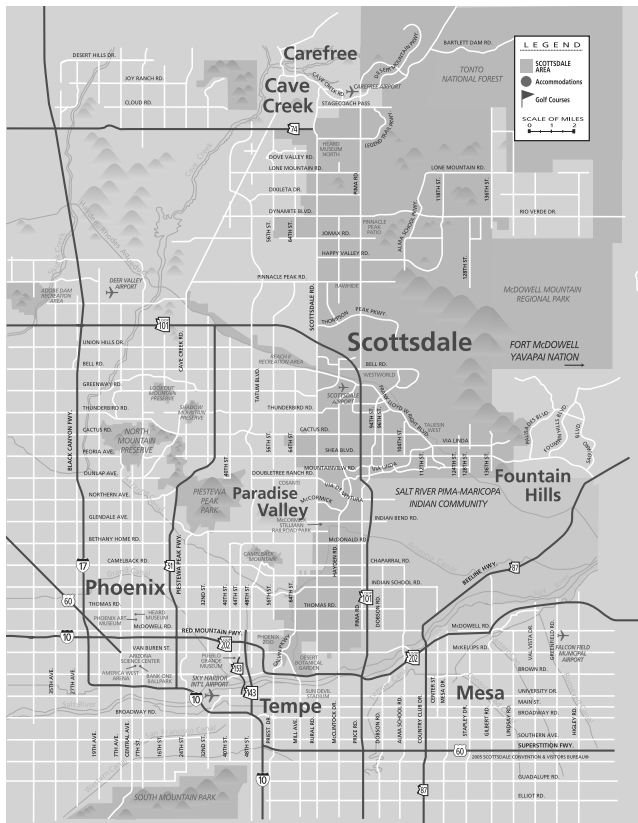
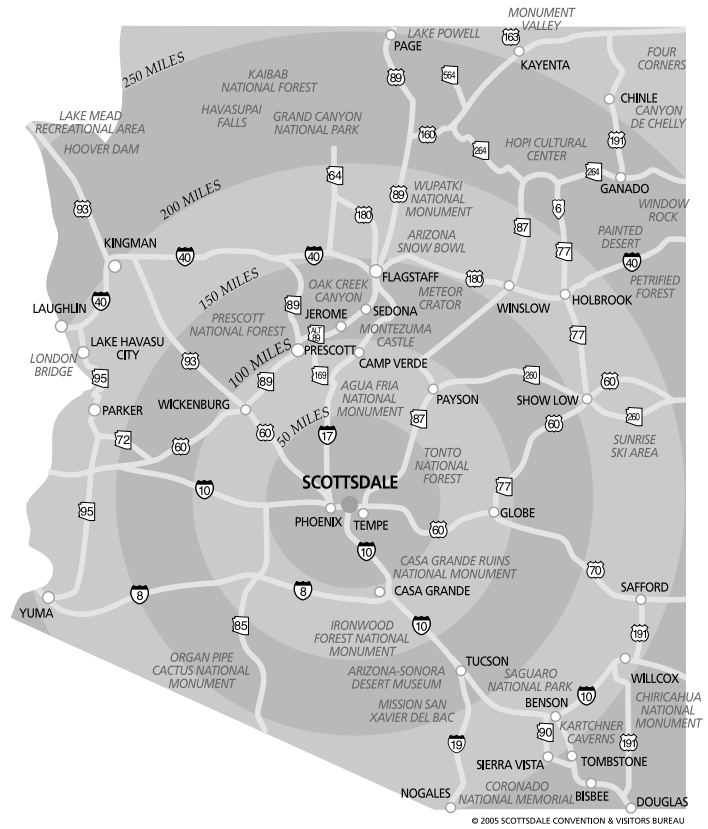
Although Scottsdale has grown in size and population, its historic origins still shine through today. Scottsdale is nationally and internationally well known for its reputation as an artistically and culturally rich community; a premiere resort, tourist, and golf destination; as well as an attractive location for numerous corporate commercial, retail, and medical-biotechnical opportunities.



Location

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing an area approximately 184.2 square miles, stretching 31 miles from north to south.

The City is bordered to the west by Phoenix, the state capital, by Tempe to the south, and by the Salt River/Pima Maricopa Indian Community to the east. Scottsdale, together with its neighboring cities, forms the greater metropolitan Phoenix area, which is the economic, political, and population center of the state.



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Climate

Lying at an elevation of 1,260 feet above sea level, the City averages 314 days of sunshine and 7.74 inches of rainfall per year, with the average minimum and maximum temperatures ranging from 56.2 degrees to 86.3 degrees, respectively.

Scottsdale offers its residents the advantages of a warm, dry climate with low humidity even in the summer months.

- * The average precipitation: 7.74 inches per year
- * The average number of sunny days per year: 314

AVERAGE DAILY TEMPERATURES

	High	Low
January	67°F	37°F
April	84°F	50°F
July	105°F	75°F
October	87°F	54°F

Tourism

Tourism generates millions of dollars in economic activity in the City each year and is one of the most significant sources of revenue for the City's operations and budget.



photo courtesy of Scottsdale Convention & Visitor's Bureau

Numerous resort and convention facilities, along with more than 70 hotels and resorts, provide nearly 13,700 guest rooms. The City boasts many public and private golf courses, tennis courts, country clubs, day spas, nightclubs, bars, and lounges. More

than 2,500 retail shops, boutiques, and galleries are located throughout the City and a selection of almost 600 restaurants is available. These services and facilities, complemented by the mild winter, have made Scottsdale a popular vacation spot for tourists and winter visitors.

Preservation

In 1990, Scottsdale citizens (through the non-profit McDowell Sonoran Land Trust) initiated the preservation of Scottsdale's McDowell Mountains and Sonoran Desert. The vision is to preserve approximately 36,460 acres, equivalent to 1/3 of Scottsdale's total land area.

In 1995, Scottsdale voters approved a .2% sales tax increase to purchase land in the 16,460 acre original preserve. In 1998, voters approved using the sales tax to purchase 19,940 acres of land in the expanded preserve, of which 16,600 are State Trust Land. In 2001, the State Land commissioner issued an order reclassifying 13,021 acres of the 16,600 acres as suitable for preservation. In 2004, Scottsdale voters approved an additional .15% increase in the sales tax for land acquisition and for access area amenities. When completed, the McDowell Sonoran Preserve will be one of the largest urban preserves.



This rare, majestic crested saguaro is now standing watch along the trailhead of the Lost Dog Wash Access Area in the McDowell Sonoran Preserve.

Revitalization

Original neighborhoods form the core of southern Scottsdale. As this area continues to mature, the neighborhoods require concentrated efforts to keep Scottsdale great. Through a Scottsdale Revitalization program, the City has stepped up its efforts to maintain, renovate, or rebuild City buildings, parks, and other public facilities, and to attract new businesses and investment. In addition, the City hopes to partner with its residents, business owners, and community groups to exchange the tools necessary for the revitalization, restoration, and renewal for south Scottsdale.



Transportation

Scottsdale's transportation network offers citizens a variety of mobility choices. The Pima and Red Mountain Freeways and City streets let people move into and around the City. The advanced technology of Intelligent Transportation Systems detection, dynamic message signs, and signalization help minimize delays, especially during special events like the FBR Open.



Scottsdale residents enjoy 56 miles of paved multi-use paths.

Local and regional bus routes and alternative modes of transportation such as Cab Connection and bicycles provide additional access to this extraordinary City. Scottsdale Airport, operated by the City, provides general aviation and worldwide charter air service.

The Transportation Department's divisions are Aviation, Traffic Engineering, Transportation Master Planning, Capital Improvement Projects Planning, and Administration. They work together to support the mission of encouraging livable neighborhoods and providing for safe, efficient, and affordable movement of people and goods in Scottsdale.

Educational Facilities

.....

Several institutions of higher learning are available to City residents. Arizona State University, one of the major universities in the nation, is located in Tempe just south of the City. The University has approximately 61,033 students, graduate and undergraduate, a choice of 19 colleges and has 2,419 full-time faculty members. Scottsdale Community College, a part of the Maricopa Community College System, is located on the eastern border of the City, on the Salt River/Pima Maricopa Indian Community. The college is a two-year college, which offers a wide variety of academic, occupational, developmental, and special interest programs. Other higher educational facilities include the University of Phoenix and the Scottsdale Culinary Institute. The City is also served by 32 public elementary and middle schools, 5 public high schools, and a number of private schools.

WestWorld

.....

WestWorld is a premier, nationally recognized, user-friendly equestrian center and special events facility serving the community and target market visitors. It is located in the geographic center of the city, adjacent to the gateway to the McDowells. The City of Scottsdale assumed management responsibility of the 120 acres and purchased the fixed assets in 1997. The Bureau of Reclamation owns the land that WestWorld is situated on. WestWorld now serves as a community asset.



Demographics

The following tables provide additional demographic statistics for the City of Scottsdale and its citizenry from the 2000 U.S. Census.

Gender

Male	48.2%
Female.....	51.8%

Age Composition

Under 5 years	5.2%
5 – 19 years	16.0%
20 – 24 years	4.8%
25 – 54 years	45.4%
55 – 74 years	21.0%
75+.....	7.6%
Median age (years).....	41.0

Occupational Composition

Managerial & Professional	46.9%
Service	11.6%
Sales & Office.....	33.1%
Construction, Extraction & Maintenance	3.8%
Production & Transportation.....	4.5%

Race/Ethnic Origin

White.....	92.2%
Asian.....	2.0%
African American.....	1.2%
Native American	0.6%
Other.....	4.0%

Educational Attainment

4 or more years of college	44.1%
1 – 3 years of college.....	33.2%
High School Diploma	16.4%
Less than High School Diploma.....	6.3%

Land Use

Residential	63.0%
Undeveloped/Agricultural.....	25.0%
Industrial/Commercial	12.0%

Population

1951	2,021
1960.....	27,010
1965.....	54,504
1970.....	67,841
1975.....	77,107
1980.....	88,364
1985.....	108,447
1990.....	130,069
1995.....	168,176
2000.....	202,705
2005 estimate	226,390

Household Income

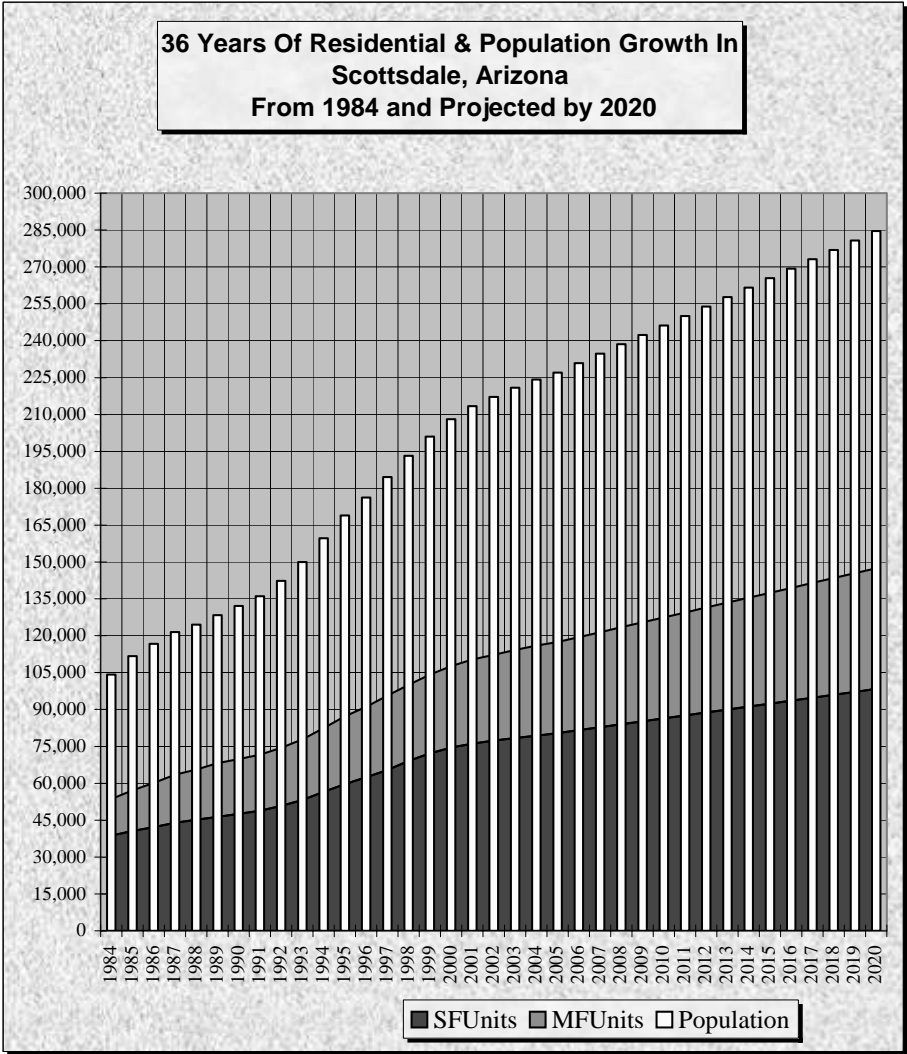
Less than \$25,000	17.0%
\$25,001- \$34,999.....	9.0%
\$35,000 - \$49,999.....	13.4%
\$50,000 – \$74,999.....	18.6%
\$75,000 – \$99,999.....	12.4%
\$100,000+.....	30.0%
Median Household Income	\$65,361

Growth

Scottsdale is the fourth largest city in the Phoenix metro area has experienced significant increases in population. During the 1990's, the City of Scottsdale experienced an average annual population growth rate of 5.6 percent, which has slowed to 1.6 percent in 2004.

Population	
1990	130,069
1995	168,176
2000	202,705
2004	221,130
2005*	226,390

*Indicates estimated number



Source: City of Scottsdale Department of Planning and Development Services

Scottsdale Employment by Industry and Year

	2000		2010	
	Employment	Percent	Employment	Percent
Agriculture	1,918	1.5%	2,225	1.4%
Mining	122	0.1%	123	0.08%
Construction	7,077	5.5%	7,938	5.1%
Low Tech Manufacturing	2,985	2.3%	3,639	2.3%
High Tech Manufacturing	8,138	6.3%	8,762	5.6%
Transport	3,842	3.0%	4,038	2.6%
Wholesale Trade	6,674	5.2%	8,378	5.4%
Retail Trade	18,725	14.5%	23,507	15.0%
Finance, Insurance, Real Estate	16,440	12.8%	18,141	11.6%
Business Services	26,848	20.9%	36,081	23.1%
Health Industry	12,785	9.9%	14,934	9.6%
Hospitality	14,652	11.4%	17,900	11.4%
Personal Services	8,446	6.6%	10,600	6.8%
TOTAL	128,652	100.0%	156,267	100.0%

Source: Gruen Gruen & Associates, June 1999

Largest Employers in Scottsdale

Rank	Company Name	Employees
1	Scottsdale Healthcare Corporation	4,400
2	General Dynamics	4,000
3	Mayo Clinic - Scottsdale	3,995
4	Scottsdale Unified School District	3,500
5	City of Scottsdale.	2,191
6	CareMark (formerly AdvancePCS)	1,636
7	DMS Direct Marketing	1,500
8	Scottsdale Insurance Company	1,300
9	Fairmont Princess Resort	1,200
10	The Vanguard Group	1,120
11	Rural Metro Corporation*	875
12	McKesson	700
13	The Boulders Resort	680
14	USPS – Scottsdale	680
15	Dial Corporation	650
16	JDA Software Group	650
17	Desert Mountain Properties	638
18	First Health Group	610
19	Pegasus Solutions	600
20	E-Telecare Global Solutions	600
21	First National Bank of Arizona	530
22	Nordstroms	525
23	Hyatt Regency at Gainey Ranch	500
24	United Blood Services	498
25	Scottsdale Conference Resort	400

Source: City of Scottsdale Department of Economic Vitality

Principal Property Taxpayers

June 30, 2005

Taxpayer	Type of Business	Assessed Valuation (in thousands of dollars)	% of Secondary Assessed Valuation
Arizona Public Service Company	Gas and Electric Utility	\$47,752	1.10%
Scottsdale Fashion Square	Shopping Center	41,698	0.96%
DC Ranch, LLC	Resort	38,571	0.89%
Qwest Communications, Inc.	Telecommunications	36,168	0.83%
First American Tax Valuation	Resort	25,008	0.58%
Gainey Drive Associates	Resort	18,792	0.43%
Scottsdale Acquisition LLC	Shopping Center	15,497	0.36%
Southwest Gas Corporation	Gas Utility	13,639	0.31%
Marvin F Poer & Co.	Resort	10,371	0.24%
Pederson/BVT Promenada Assoc.	Retail	10,336	0.24%
		\$257,831	5.94%

Source: The City of Scottsdale's Property Tax Auditor, as obtained from the Arizona Department of Revenue, CVP Department and the 2004 Maricopa County Treasurer's Roll.

The Salt River Project Agricultural Improvement and Power District's (SRP) assessed valuation is not reflected in the total assessed valuation of the City. SRP is subject to a "voluntary contribution" in lieu of ad valorem taxation. The 2005/06 secondary assessed valuation of the Salt River Project within the City is \$23,638,512. The estimated secondary in lieu contribution is \$201,060.

Median Household Income Comparison

Median Household Income

City	2005	2000	1995	Growth Rate
Scottsdale	\$65,361	\$57,484	\$48,319	35%
Phoenix	\$45,407	\$41,207	\$32,950	38%
Mesa	\$47,698	\$42,817	\$33,676	42%
Glendale	\$50,029	\$45,015	\$35,483	41%
Chandler	\$65,163	\$58,416	\$46,096	41%
Tempe	\$46,932	\$42,361	\$36,049	30%
Gilbert	\$76,716	\$68,032	\$51,660	49%
Peoria	\$58,984	\$52,199	\$40,820	44%
Metro Area	\$55,707	\$45,358	\$35,623	56%

**Scottsdale median income as compared to Phoenix metro area median income -
Scottsdale is higher by:** **17%** **27%** **36%**

Source: Sites USA 2005 estimates, 2000 US Census, 1995 Special US Census



Budget Award for Fiscal Year 2005/06 Budget

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the City of Scottsdale, Arizona for its annual budget for the fiscal year beginning July 1, 2005. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

City Manager's Final Budget Transmittal

LETTER DATED JUNE 6, 2006



June 6, 2006

Honorable Mayor and City Council:

The Scottsdale City Budget for the 2006/07 fiscal year is balanced, as required by Arizona state law. It reflects a fiscally sound plan that will allow the City to address community priorities, support essential services, invest in critical capital improvements and fully fund emergency reserves.

Based on City Council's direction the following adjustments were made to the City Manager's proposed budget and are reflected in the final budget:

- Youth Sports Field Maintenance - \$508,000 was included in the FY 2006/07 General Fund operating contingency for increased maintenance levels at youth sports fields at ten Scottsdale Unified School District sites. This amount reflected adding five positions (5.00 FTEs) plus equipment to provide the necessary maintenance. An alternative discussed during the City Council budget review and at a public meeting of the Youth Sports Task Force is to provide dedicated school district maintenance staff to care for the fields with approximately \$387,000 in funding support from the City. City Council approval on an amended IGA with the District on the final plan will be required before the funds can be transferred from the contingency to the Community Services Department budget for this program.
- Downtown Marketing Program - \$228,090 was included in the FY 2006/07 General Fund operating contingency for marketing in support of downtown businesses. The marketing program will allocate funding for events and activities that have impacts on the whole downtown and help promote the area. City Council approval will be required before the funds can be transferred from the contingency to the Downtown Group budget.
- Healthcare Funding - \$1.3 million was included in the FY 2006/07 General Fund operating contingency for the city's increased share of the overall healthcare costs. This is in response to City Council's approval on April 4, 2006, of an increase in the employer's share of the healthcare costs. City Council approval will be required before the funds can be transferred from the contingency to the Self-Insurance Fund.
- DC Ranch Community Park Tennis Courts - \$5.2 million of Bond 2000 funding was included in the Capital Improvement Plan for FY 2010/11 to fund a 30-acre community level park. The annual operating impacts of approximately \$405,000 are outside of the current five-year financial plan.
- TPC Desert Golf Course & Clubhouse Renovation - \$10.0 million was included in the Capital Improvement Plan to fund the TPC Desert Golf Course & Clubhouse Renovation capital project. The proposed funding for this project would come from the issuance of MPC bonds, which would be repaid by lease payments from the property.

City Manager's Final Budget Transmittal

LETTER DATED JUNE 6, 2006

- Helicopter Program - \$6.4 million of Bond 2000 funding for the helicopter program was removed from the City's five-year Capital Improvement Plan. Additionally, the associated operating impacts were removed from the five-year financial plan.
- Scottsdale Cultural Council Requests - \$537,932 was included in the adopted FY 2006/07 General Fund operating budget for the purchase of theater rigging for the Virginia G. Piper stage, security system replacement at the Scottsdale Center for the Performing Arts, support for Theater 4301, humidification equipment replacement at the Scottsdale Museum of Contemporary Art (SMoCA), collection preservation and a one-time conservation assessment for the collection at SMoCA, and a one-time community cultural assessment. These funds were included in the budget of the Downtown Group, which oversees the Cultural Council contract.
- Villa Monterey Golf Course Property - \$2.0 million was included in the FY 2006/07 General Fund operating contingency -- \$200,000 for acquisition of the property and \$1.8 million to begin the multi-year process of improving the property to city standards for use of an open space park. Additionally, \$150,000 was included in the FY 2006/07 General Fund operating contingency to cover estimated operational costs. City Council approval will be required before the funds can be transferred from the contingencies to the Community Services Department budget. If the proposal is implemented as presented by staff to the Budget Subcommittee, two additional positions (2.00 FTEs) will be needed to provide the necessary maintenance.
- Maricopa County Human Services Campus - \$40,000 was included in the FY 2006/07 General Fund budget for the Community Services Department to help close out the capital campaign for the campus that serves the regional homeless population. Additionally, the five-year financial plan was updated to reflect \$40,000 allocations in fiscal years 2007/08 and 2008/09.
- City Hall Security - \$152,259 will remain in the FY 2006/07 General Fund operating budget for the Police Department pending further Council review of security options at a later date.
- Primary Property Tax Rate Reduction - Based on Council's direction following the June 6 Truth In Taxation hearing, the primary tax rate was decreased from 48 cents, estimated in the mid-March budget proposal, to 42 cents per \$100 of assessed value. The reduction in the primary tax rate is directly attributable to Council's removal of nearly \$2.9 in tort settlement recoveries, which were originally slated for inclusion in the Self-Insurance Fund.

All of the above noted changes result in an addition to the FY 2006/07 General Fund operating budget of approximately \$0.6 million and contingency increase of \$4.2 million. The ending unreserved fund balance is estimated to be \$0.2 million compared to \$5.0 million in the proposed budget. Additionally, the Capital Project Fund change for the elimination of the helicopter program reduced the Capital Improvement Plan in FY 2006/07 by \$6.4 million.

The staff has already begun planning the budget for the 2007/08 fiscal year and is tracking the national, state and local economies. The staff will continue to closely monitor emerging economic trends and their potential impacts on the City. Our ability to respond early to economic challenges and careful long-range planning have been key factors in maintaining the City's fiscal health. Pursuant to City Council initiative, the staff is developing a process to include the City Council earlier in the annual financial planning and budget development process and is exploring additional opportunities to involve the public in the process.

The strength of the City's financial management continues to be affirmed by the three major credit-rating agencies. All three agencies sustained their AAA bond ratings, the highest possible ratings for the City's general obligation bonds. This distinction, originally earned by the City in 2001, is held by a handful of exceptional local governments across the nation. This fact is especially noteworthy because many communities have tapped into their financial reserves in recent years, and their ratings have been downgraded. The City has not planned any use of reserves in balancing the FY 2006/07 budget.

City Manager's Final Budget Transmittal

LETTER DATED JUNE 6, 2006

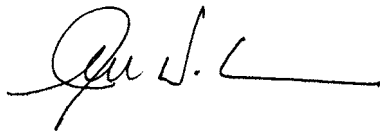
The adopted budget is the culmination of the diligent efforts of many people. Special recognition goes to the Financial Services staff for their outstanding management of the City's finances and the budget development process. The general managers and the City staff members who participated in the planning and execution of our extensive public outreach on the budget also deserve a sincere "thank you" for their time and assistance with this effort.

The City Council Budget Subcommittee deserves acknowledgment for the many hours they dedicated to gathering citizen input and priorities on the proposed budget, their review of the program and capital budgets, and their guidance to staff. The Subcommittee's public outreach efforts contributed to increased citizen involvement in the budget process.

Many Scottsdale citizens participated in budget summits, forums, and hearings. Their willingness to share their thoughts, priorities, and concerns strengthens our community.

Finally, a note of thanks goes to the Mayor and City Council for their leadership on many critical financial issues and for the time they devoted to the budget process.

The City staff understands the fact that the fiscal health of City government is tied to a sound, sustainable local economy and an excellent quality of life. The staff looks forward to working with the City Council and citizens in the coming year to build on this strong foundation of achievement and success.



Jan Dolan
City Manager

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006



March 23, 2006

Honorable Mayor and City Council:

The City of Scottsdale Proposed Budget for fiscal year 2006/07 funds City Council and citizen priorities, including the hiring of additional police officers, opening new City facilities to meet demands for services, focusing on code enforcement and property maintenance, and continuing the City's emphasis on economic vitality and revitalization of the downtown and the southern area of the community.

Current economic conditions allow the City to maintain core services and, in some cases, to provide enhancements to existing service levels. However, prudent long-term fiscal planning dictates that we remain conservative, focus on the highest Council and citizen priorities, and fund only those enhancements we can sustain financially. The City cannot rely on erratic or short-lived revenues to support ongoing programs.

The revenue forecasts used in this budget are "cautiously optimistic." While conditions continue to improve, the staff has not assumed that the City has returned to the exceptional economic conditions of the 1990s. The community is past its historic period of peak expansion and our long-term budget plans must recognize that fact.

In planning for expenditures, the City staff continued to use a zero-based, "program budget" approach. The program budget focuses on the total cost and quality of each service provided, whether one department or several departments provide the service. The staff also continued to refine plans for continued investment in the City's basic infrastructure and public facilities that address the City's greatest needs and highest priorities. This analysis considered the long-term fiscal impacts of operating costs associated with new capital facilities. The staff continued to proactively assess capital maintenance needs to avoid the long-term and more costly consequences of deferred maintenance for City facilities. This balanced approach to capital investment allows us to strategically plan for future capital needs while addressing our current capital obligations in a cost-effective and rational manner.

How the proposed budget would affect citizens and taxpayers.....

The City strives to meet citizen requests for enhanced services and federal mandates while holding costs down. The following items provide a summary of the proposed tax and fee changes that will directly impact citizens or taxpayers in the coming fiscal year:

The property tax rate will decrease. For the ninth consecutive year, the City's estimated combined property tax rate will decrease. For FY 2006/07, the budget proposes a decrease of 1 cent in the combined property tax rate, from \$1.04 to \$1.03 per \$100 of assessed valuation. The proposed rate is 47 cents, or 31 percent, below the City's \$1.50 financial policy limit initiated with the Bond 2000 authorization.

The lower tax rate stems from a combination of rising assessed valuations and effective debt management. The City uses a balanced mix of long-term debt and pay-as-you go funding to "smooth" the overall tax burden and help ensure taxpayers who will use City facilities today and those who will use them in the future contribute equitably for their costs.

The overall effect on citizens' tax bills will depend mainly on tax rates set by other governments and changes

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

in the assessed valuation of each property. Taxes paid to local school districts comprise the largest portion of property tax bills, and City property taxes are about 10 percent of the total. **In addition, although many owners were notified of higher property valuations in February 2006, the new valuations will not be used to calculate property tax rates until the 2007/08 fiscal year. The proposed 2006/07 budget relies on current valuations.**

Utility charges will increase. The typical homeowner's combined bill for water, sewer, refuse, and recycling services will increase about \$2.83 per month or 4.3 percent, if the proposed water, sewer and solid waste rates are adopted. Federal health and environmental requirements are a significant factor in water rate increases. They are the primary reason for several major capital projects, including upgrades to the CAP Treatment Plant and arsenic mitigation facilities. Other cost drivers include increased prices for power to operate plants and chemicals for water treatment.

Budget timing and state legislation

This proposed budget does not account for any potential legislative changes that could adversely affect the final FY 2006/07 adopted budget or future year financial forecasts for the following items:

State-Shared Revenues – any proposed modifications to the allocation of state-shared revenues to local jurisdictions. However, the proposed budget does assume the mid-decade Census of Maricopa County will adversely affect the City's General Fund state-shared revenues by an estimated \$2.0 million in FY 2006/07. Faster-growing cities and towns within the state will receive an increased proportion of the overall pool of state-shared revenues based on their population growth.

Property Tax Assessments – any proposed modifications that would change the current limits placed on our annual property tax levy. Changes would likely affect the City's FY 2006/07 budget or future year financial forecasts.

Photo Enforcement – any proposed changes that could negatively impact revenues and operating expenses associated with the City's pilot photo enforcement program on the Loop 101 Freeway.

The staff will continue to monitor the state's budget proposals and assess the impact of any proposed changes on the City.

Base expenditure limit election

The proposed budget does not factor in any potential fiscal impacts or service level modifications that may be necessary as a result of the May 16 vote on an adjusted expenditure base for Scottsdale.

The tentative budget adoption, which sets the City's maximum annual expenditure limit, is scheduled to take place on May 15. Therefore, the proposed budget sets the expenditures at a level that provides the City Council with the greatest range of flexibility permitted under the state law. Based on the results of the May 16 election and prior to the June 6 final budget adoption, the Council will have the ability, if necessary, to adjust the budget in order to comply with the requirements of the state-mandated expenditure limit.

Total employees and compensation for all funds

From a Citywide perspective, for all funds, the proposed FY 2006/07 budget includes 82 new positions at an estimated cost of \$3.9 million. With these new positions the City will have the equivalent of 2,708 full-time positions. This "full-time equivalent," or FTE, includes both full-time and part-time positions and 28 contract employee positions being converted to regular City positions to comply with legal requirements. The cost to convert these positions is negligible.

The total budgeted compensation for all employees for the fiscal year, including market and merit pay adjustments and all proposed benefit cost changes, equals \$202.2 million, about 55 percent of the operating budget.

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Key compensation cost increases for all funds include the following:

- \$5.1 million for the proposed 3 percent market adjustment for City employees.
- \$2.6 million for merit increases of up to 5 percent for all eligible employees.
- \$1.3 million for the City's contributions to the Arizona State Public Safety Retirement System for the City's 426 sworn police and 232 sworn fire FTEs.
- \$0.8 million for additional City contributions to the Arizona State Retirement System for the 2,050 civilian FTEs in the system.
- \$3.0 million in increased costs for the City's contributions to employee health care benefits. This amount was based on the proposal presented to the Council March 21 and will change depending on the Council's final decision regarding the amount the City will contribute toward health benefit costs.

Components of the Proposed Budget

The proposed budget includes balanced five-year financial plans for each of the City's funds, emphasizing long-term fiscal planning. The budget also includes individual budgets for the City's more than 180 programs. The goal of the program budget is to provide the City Council, citizens, and other stakeholders a more focused analysis of the costs of each City service or function, whether the service is provided by one department or through the combined efforts of several service areas. Each program budget includes a program description, services provided, City Council Goals supported by the program, a multi-year summary of budget and staffing, customers, program goals and objectives and performance measures. The proposed budget also includes a detailed summary of the proposed FY 2006/07 capital budget.

The following is a summary of budget highlights by fund.

General Fund Revenues

The General Fund supports core services and is the largest fund with the greatest potential for revenue fluctuations. General Fund revenue estimates are conservative.

New General Fund revenues and transfers-in equal \$264.9 million, an increase of approximately \$0.8 million, or 0.3 percent, from the FY 2005/06 year-end forecast of \$264.1 million.

This comparatively small increase in the forecasted General Fund revenues reflects an accounting change the City made because of a recent internal audit recommendation. A more comprehensive description of this change is addressed in the paragraphs below on the Transient Occupancy Tax. Without this accounting change, the total General Fund revenues would have increased approximately \$8.3 million, or 3.1 percent, over the prior year.

The total resources used to fund the City's proposed FY 2006/07 General Fund budget are a combination of forecasted revenues for the coming year and a carryover of unused prior year financial resources. The projected carryover for FY 2006/07 is \$32.0 million and includes savings by City departments, greater than anticipated revenues from FY 2005/06, and unused revenue generated from "one-time" construction-related revenue sources to cover "one-time" capital expenditures. The total available resources equal \$296.9 million. A discussion of the effects of the carryover on General Fund revenue and expenditure totals is on page vii.

The following General Fund revenues represent the most significant changes between fiscal years:

Transaction Privilege Tax, or "Sales Tax" – Scottsdale's total City sales tax rate is 1.65 percent. Of that amount, .55 percent is dedicated to the specific purposes related to transportation and preservation, which are accounted for in Special Revenue Funds. These revenues and their uses are explained later in this transmittal. The 1.10 percent of the sales tax accounted for in the General Fund is available to fund basic municipal services such as police, fire, libraries, and parks. This general-purpose sales tax is the City's single largest revenue source. In FY 2006/07, it is projected to increase an estimated 6.5 percent, or \$7.4 million, to \$121.3 million. It is considered an "elastic" revenue source susceptible to peaks and valleys, based on

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

events in the national, state and local economies. Beyond FY 2006/07, the five-year financial plan projections reflect a stable 6.0 percent increase in sales taxes – essentially keeping slightly ahead of a projected modest inflation rate.

Property Taxes – This revenue source is one of the few stable General Fund revenues and is anticipated to increase by \$1.4 million, or 7.3 percent over FY 2005/06, to \$20.1 million. The increase in revenue is driven by a combination of growth in new construction, up 5.4 percent, and the “primary” assessed values for existing property, up 4.1 percent. The estimates for FY 2006/07 and beyond do not factor in any potential reductions resulting from legislative changes that may result from proposed modifications to the current limits placed on the City's annual property tax levy.

Transient Occupancy Tax, the Hotel “Bed Tax” – During FY 2005/06 the bed tax revenue continued its recovery and the FY 2006/07 forecast assumes the tourism industry will post a solid performance in the coming year. Bed tax revenue is expected to increase by more than \$0.4 million, or 4.5 percent, from the FY 2005/06 year-end forecast of \$8.9 million to nearly \$9.3 million. Based on an internal audit recommendation, 80 percent, or more than \$7.4 million, of the total bed tax revenue will be budgeted in the Special Revenue-Special Programs Fund to reflect the restricted nature of this revenue. By City ordinance, 80 percent of this tax revenue is restricted for tourism and hospitality purposes and the payment of contracts to increase tourism and fund debt service for destination attractions. The FY 2006/07 General Fund budget reflects only 20 percent, or \$1.9 million, of the projected total bed tax revenue. The forecast assumes a moderate 4.0 percent growth in this revenue source beyond FY 2006/07.

State-Shared Revenues, or “Intergovernmental Revenues” – These revenues are derived from state sales and income taxes shared with Arizona cities and towns, based on a statutorily determined formula, primarily driven by population. The shared sales tax revenue projection is based on continued modest statewide economic growth. The shared income tax revenue projection reflects a two-year lag between the time citizens file their state taxes and the date the revenues are sent to cities and towns. In FY 2006/07, the state-shared revenues are expected to decrease about \$0.7 million or 1.7 percent, from \$42.2 million in FY 2005/06 to \$41.5 million. The projected decline is based on the anticipated adverse impact of the mid-decade Census of Maricopa County on the City's state-shared revenues, as faster growing cities and towns receive an increased proportion of the overall pool of state-shared revenues. Also, these two revenue estimates do not factor in any potential reductions resulting from legislative changes in FY 2006/07 and beyond.

Development Permits and Fees – This revenue is expected to be \$17.0 million in FY 2006/07, which represents a decrease of \$2.0 million from the projected FY 2005/06 year-end estimate of \$19.0 million. The FY 2006/07 forecast assumes revenues will return to normal market conditions. This revenue source is very unpredictable and can have dramatic peaks and valleys from year to year. The staff continues to conservatively forecast a slight slowdown in development and construction during the coming fiscal year and modest declines over the five years of the fiscal plan, as the city reaches buildout.

Fines and Forfeitures – This revenue source includes court fines, parking fines, Photo Enforcement Program revenues (including \$2.0 million for continuing the Loop 101 pilot program) and library fines and fees. This revenue is anticipated to increase approximately \$0.1 million, or 0.9 percent, over the projected 2005/06 year end amount of \$10.7 million to \$10.8 million in FY 2006/07. As previously noted, the Photo Enforcement revenue does not factor in any potential reductions resulting from legislative changes in FY 2006/07 and beyond.

General Fund Expenditures

Under the proposed FY 2006/07 budget, General Fund expenditures, debt payments and transfers-out of the fund are projected to be \$291.9 million, an increase of \$29.0 million or 11.0 percent from the forecasted FY 2005/06 year-end amount of \$262.9 million. A major component of the increase is a transfer out to the capital project fund, which is funded primarily with carryover from the current fiscal year.

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Details on proposed new staff positions and on selected expenditures are provided below:

New Staff Positions – As a general rule, most of the new FTE (full time equivalent – based on 2,080 work hours per year) positions assume a hire date of September 1 or later. Many hire dates are staggered throughout the fiscal year, when possible, to minimize the initial fiscal year impact. The proposed General Fund budget includes approximately 62 new full-time equivalent positions (FTEs) at an estimated net cost of nearly \$2.9 million. The new staff positions are listed in the four service categories noted below:

- Community Facilities – The positions in this category are necessary to staff new or expanded capital facilities primarily constructed with voter-approved Bond 2000 funding. The proposed budget includes 14.81 FTE positions associated with these facilities at slightly under \$0.6 million in payroll and benefits costs. The McDowell Mountain Ranch Park and Aquatic Center will require 7.31 FTEs after opening in July 2006. Expansions at Chaparral Park and Scottsdale Ranch Park will require 2.75 FTEs and 0.75 FTE, respectively, to address the anticipated increased recreation and maintenance demands. The Facilities Maintenance Program will also require 3.00 FTEs to handle the added facilities and the Downtown Parking Program will need 1.00 FTE to handle increased service demands associated with the new parking structures.
- Public Safety/Police - All of the proposed staff additions in this category are Police Department positions. The proposed budget includes 26.50 FTE positions at approximately \$1.0 million in payroll and benefits costs. They include a combination of sworn (15.00 FTEs) and civilian (11.50 FTEs) positions. These positions are distributed among several programs. Most are in Patrol Services (12.00 sworn FTEs and 4.00 civilian FTEs). Others are detention supervisors (3.00 FTEs civilian), and mounted patrol officers (2.00 sworn FTEs). A sworn position (1.00 FTE) is proposed to support the Surveillance/SWAT team. The balance of the proposed staff increases are all civilian -- Police Records (1.00 FTE), Crime Laboratory (1.00 FTE), Crime Scene Processing (1.00 FTE), Property and Evidence (0.50 FTE), and Internal Affairs (1.00 FTE).
- Citizen Services and Community Growth – The need for positions in this category stems from customer service demands, growth in the community, and federal and state environmental regulations. The proposed budget includes 15.07 FTE positions at a net payroll and benefits cost of less than \$0.9 million.

The largest proposed staff increase is in the area of Planning and Development Services (9.00 FTEs) to address the increased planning and development related workload. The other 6.07 FTEs are attributable to increasing service demands in the following areas: Environmental Preservation (1.00 FTE), the Victim's Advocate Program (1.00 FTE), trails and equestrian facilities (0.50 FTE), youth activities and after-school programs at Pima Park (0.37 FTE), Vista del Camino (0.70 FTE), the STOMP program (1.00 FTE), the Tax Audit Division (1.00 FTE) and facilities maintenance (0.50 FTE, conversion of a part-time to a full-time position).

The proposed General Fund budget also includes the conversion of existing contract workers in these areas to City staff in FY 2006/07 equal to 25.00 FTEs. These individuals are currently performing services for the City. The conversions are based on a sustainable workload. The associated net fiscal impact of converting these positions is less than \$60,000 next year.

- Internal Service Demands – The added positions in this category are driven by a combination of internal and external customer service demands. The proposed budget includes 5.50 FTEs at a net payroll and benefits cost of approximately \$0.4 million. The proposed budget adds staff in the Information Systems (3.00 FTEs), Financial Services (1.00 FTE) and Human Resources (1.00 FTE) departments. The budget also includes the conversion of part-time clerical positions in the City Attorney's Office and Capital Project Management to a full-time and a three-quarter-time position, respectively, for a total increase of 0.50 FTE.

Employee compensation. The proposed 3.0 percent cost of living adjustment means an increase of approximately \$4.3 million in the General Fund.

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Health care costs. The proposed General Fund budget assumes net increases in health care costs in the coming year of approximately \$2.5 million under the March 21 plan presented to the Council. This number, like the Citywide costs to all funds, will depend on the Council's final decision on rates.

Retirement costs. Arizona State Retirement System costs for civilian employees in the General Fund will increase by about \$0.6 million in FY 2006/07 to pay for the City's share in higher contribution rates for the retirement system. The increase in General Fund costs for the Arizona State Public Safety Retirement system is \$1.3 million – the same amount as the cost across all funds. All public safety personnel costs are included in the General Fund.

Culture and Tourism – The proposed budget includes a 3.0 percent, or approximately \$88,500, increase for the Scottsdale Cultural Council contract and a 7.2 percent, or \$0.4 million, increase for the Scottsdale Convention and Visitors Bureau contract.

Ethics Program – The proposed budget includes \$250,000 to cover the initial costs of training and processing of complaints related to the City's proposed new ethics policy.

Transfers-Out (debt and capital projects) – The FY 2006/07 proposed budget includes a \$45.4 million transfer-out to the CIP Fund for capital projects and for debt service costs. A significant portion of this transfer-out comes from non-recurring construction related revenues and prior year-end expenditure savings. Using these one-time funding sources for capital projects funding is prudent and does not jeopardize the General Fund's reserve or the projected FY 2006/07 year-end unreserved fund balance. Examples of significant transfers-out include funding for capital project costs for SkySong, the ASU Scottsdale Center for Innovation, and the debt service associated with the WestWorld land purchases.

This Proposed Budget does not include recommendations on policy-level items that will be considered by the City Council Budget Subcommittee and/or the full Council. These include a request from the Scottsdale Cultural Council for \$538,000 in additional funding, continuation of a downtown marketing program, costs to potentially secure and operate the Villa Monterey Golf Course and other items that may be forthcoming subsequent to the publication of this document.

General Fund Balances and Reserves

The proposed FY 2006/07 budget includes the following:

General Fund Reserve – This reserve, projected to total nearly \$30.5 million at the end of 2006/07, continues the City's financial policy of setting aside funds to protect Scottsdale in times of emergency. Most of these funds are carried over from previous years. Once they are spent, it will be extremely difficult to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of \$26.5 million, an amount equal to 10 percent of annual total operating budget for the General and Transportation funds. For FY 2006/07 the proposed General Fund Reserve continues to include an additional \$4.0 million set aside in case the City must pay a settlement in an ongoing tax audit matter. Maintaining this reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings.

Operating Contingency – The proposed budget includes a \$2.5 million operating contingency to meet unforeseen expenses during the year. With City Council approval, the contingency allows the City more flexibility to meet any unforeseen costs.

Unreserved Fund Balance – After considering all of the other reserves, an unreserved fund balance of nearly \$5.0 million is projected at the end of the 2006/07 fiscal year. These funds are not designated for a specific purpose. The City Council may choose to allocate some or all of these dollars for new or expanded programs or requests, or to allocate them to other reserve funds. For example, these funds can be used to increase City funding for health insurance premium rates, an option suggested by the Council on March 21. The unreserved fund balance represents a combination of accumulated one-time revenues and expenditure savings and would most appropriately be used for one-time expenditures, not to fund new or expanded programs with ongoing operating costs.

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Effects of the carryover and summary of "one-time" and ongoing uses

The \$32.0 million carryover of "one-time" funds from the current fiscal year (the beginning unreserved balance in the table below) is a key reason why total expenditures in the proposed 2006/07 General Fund budget, at \$291.9 million, are higher than projected revenues and transfers-in of \$264.9 million. The carryover is also a key reason why the proposed transfer from the General Fund to the Capital Improvement Program Fund this year is substantial – at \$45.4 million. Altogether, proposed one-time uses funded from the General Fund total \$50.5 million. Ongoing uses total \$241.4 million.

The table below reflects the anticipated flow of resources to ongoing and one-time uses in the City's proposed General Fund budget:

	Total Proposed FY 2006/07 (in millions)	Ongoing uses	One-time uses
Total Resources			
Beginning Unreserved Balance (after adjusting for funding General Fund reserve per Adopted Financial Policy)	32.0	-	32.0
Revenues	246.2	240.2	6.0 (a)
Transfers In	18.7	18.7	-
Total Resources	296.9	258.9	38.0
Total Uses			
Dept Expenditures	229.4	229.4	-
Debt Service	6.0	6.0	-
Transfers Out	56.5	6.0	50.5
Total Uses	291.9	241.4	50.5
Ending Unreserved Balance	5.0		

(a) per the City's adopted financial policies a minimum of 25% of the construction privilege tax revenues are to be transferred to the capital improvement fund each year. For FY 2006/07, the proposed transfer would be \$6.0M.

Special Revenue Funds

The City accounts for revenues earmarked for specific purposes – by law or City policy – through special revenue funds.

The Transportation Fund accounts for Highway User Revenue Fund (HURF) dollars shared with cities from state "gas taxes." The fund also includes revenues from the .20 percent Transportation Transaction Privilege

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Tax (commonly known as the transportation sales tax). The FY 2006/07 HURF revenues are expected to be approximately \$15.6 million, which is a modest increase of 3.6 percent, or \$0.5 million, over the forecasted FY 2005/06 year-end estimate. The transportation sales tax revenue is projected to increase by about 6.5 percent, or slightly more than \$1.3 million, to \$22.1 million in FY 2006/07. The forecasted Local Transportation Assistance Fund revenue from the Arizona State Lottery is expected to be essentially the same as FY 2005/06, approximately \$1.1 million. Transfers in to the Transportation Fund consist of approximately \$2.9 million from the General Fund and \$0.3 million from the Solid Waste Fund for alley maintenance costs. Beyond FY 2006/07, the five-year financial plan assumes a stable 6.0 percent increase in the transportation sales tax and a very modest 3.0 percent increase for HURF. The HURF revenue forecast assumes a slight reduction as a result of the mid-decade Census of Maricopa County.

The Transportation Fund operating expenditures and revenue bond debt service are projected to be \$31.1 million and are covered by the HURF revenues and 50 percent of the transportation sales tax revenues. The Transportation Department operating expenditures of \$14.3 million cover operating costs for master planning, transit services, traffic engineering and other operations. These revenues also support transportation improvements. The Municipal Services Department operating expenditures of \$13.6 million cover street and signal operations and maintenance. To address the growth in service demands, the proposed budget includes 3.00 new FTEs at an estimated fiscal impact of slightly more than \$0.2 million.

A revenue bond debt service payment of slightly less than \$3.2 million represents the final debt service payment for these transportation revenue bonds. The remaining 50 percent of the transportation sales tax, or \$11.0 million, is transferred to the Capital Improvement Plan for transportation related capital projects, under this proposed budget.

The Preservation Privilege Tax Fund is used to account for the revenues and expenditures related to the acquisition of the McDowell Sonoran Preserve, which receives funding from the 1995 (0.20 percent) and 2004 (0.15 percent) voter-approved Preservation Transaction Privilege Tax.

Total revenue from the 1995 Preservation Privilege Tax is expected to increase by \$1.4 million, or 6.5 percent, from \$20.7 million in FY 2005/06 to \$22.1 million in FY 2006/07. Revenue from the 2004 Preservation Privilege Tax is anticipated to increase by \$1.0 million, or 6.5 percent, to \$16.5 million. Beyond FY 2006/07, the five-year financial plan projections reflect a stable 6.0 percent increase in sales taxes.

The Preservation Privilege Tax Fund expenditures and transfers-out of the fund are estimated at nearly \$25.1 million for FY 2006/07, compared to \$24.6 million in the current fiscal year. The timing and amount of any future preservation bond issuances depends on the availability and price for state lands. Under the sales tax ballot language, the Preservation Privilege Tax revenues are to be used for debt service payments related to preserve acquisition, preserve-related construction and trailheads.

The Special Programs Fund is a collection of smaller restricted revenues dedicated to specific uses. The services included in these various funds are intended to be self-supporting and not subsidized by the General Fund. Examples of these funds include Police Department RICO funds, the City Court's Court Enhancement Fund, the McCormick-Stillman Railroad Park Fund, the Scottsdale Cares Charitable Fund and the Preservation Rehab Fund for historic building rehabilitation.

As a general budgeting practice, all Special Program Fund expenditures reflected in the budget equal 100 percent of the beginning fund balance plus any anticipated revenues in the coming year. This practice creates maximum budget flexibility and reduces the likelihood of using budget contingency for appropriation purposes to comply with state legal requirements.

The Transient Occupancy Tax ("Bed Tax") is the exception to this practice, as the ending fund balance tends to be large and therefore is not budgeted until specific needs are identified. The actual ending fund balance of all Special Program funds is carried forward to future periods and is available to be spent for restricted purposes.

A Special Districts Fund is used to account for the proceeds received from property owners in the City's more than

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

350 street light districts. All revenue not expended for this specific purpose in the current fiscal year is carried over to the next fiscal year to continue funding the program. The FY 2006/07 Special Districts Fund revenues and expenditures are projected to be nearly \$0.6 million.

Enterprise Funds.....

Enterprise funds account for the City's water, sewer, solid waste collection and aviation services, operated as stand-alone businesses. User fees are assessed to cover the full cost of services.

The Water and Sewer Fund budget continues to be significantly affected by federal health and environmental requirements and federal water quality mandates. The City has worked aggressively to meet federal mandates to reduce arsenic levels in drinking water. The City continues significant efforts to ensure compliance with another forthcoming mandate to reduce levels of by-product compounds from chlorine disinfection.

To help hold down rate increases, the City recently issued \$88.4 million in new debt and forecasts the need for additional future debt to meet the capital improvement needs of the Water and Sewer Fund. In this past year, the City began a pilot project to help determine the most effective method to meet federal standards. However, the five-year financial plan still anticipates the need to issue over \$100 million in debt to pay for the infrastructure to meet these mandates.

The budget includes a 5.5 percent water fee increase to help pay for these added costs. It also includes future debt of \$100 million, to be issued in March 2007, and an increase of 6.0 percent in sewer rates to fund modifications and upgrades to wastewater treatment facilities. These modifications are consistent with the updated five-year financial plan and the adopted Financial Policies. The proposed water and sewer rate increases reflect:

- Capital and associated operating impacts of arsenic and disinfection by-product regulations enacted by the U.S. Environmental Protection Agency (EPA);
- Scottsdale's share of the capital improvements and associated operating impacts at the Multi-City 91st Avenue Wastewater Treatment Plant to serve existing customers;
- Significant price increases in electricity and chemicals; and
- Increasing costs for sewer collection system maintenance to ensure regulatory compliance with new Capacity, Management, Operations and Maintenance (CMOM) regulations that are intended to minimize sewer system overflows.

The proposed rate increases will add \$1.36 to the typical residential monthly water charges and \$1.11 to the typical residential monthly sewer charges.

While the major costs of the Water and Sewer Fund are capital in nature, the proposed budget includes additional staff to support new and expanded water production and wastewater capital treatment facilities and overall service growth. To address the increased service capacity associated with new capital facilities and growth in service demands, the proposed budget includes 8.50 new FTEs at an estimated fiscal impact of approximately \$0.5 million. Based on the proposed budget plan and rate increases, the Water and Sewer Fund will comply with adopted Financial Policies and is expected to maintain a positive fund balance over the five-year financial plan.

The Water and Sewer Fund budget also proposes the conversion of one contract worker (1.00 FTE) to a City employee in FY 2006/07, which would provide for continuity of existing service. There would be no net fiscal impact associated with this conversion.

The proposed FY 2006/07 Solid Waste Fund budget includes a 2.5 percent increase for the operation of refuse collection and recycling services. The proposed increase reflects the combined impacts of salary and benefit cost increases, higher fuel costs and alley maintenance support costs.

Careful planning and management of solid waste operations has allowed operating expense impacts to be absorbed without rate increases since FY 2000/01. The proposed increase for the coming year will add \$0.36 to

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

the monthly residential solid waste collection fee. A review of Valley cities providing comparable services indicates that Scottsdale's solid waste collection fee will remain one of the lowest. The Solid Waste Fund will comply with adopted Financial Policies and is expected to maintain a positive fund balance over the five-year financial plan.

The Solid Waste Fund budget proposes 2.00 new FTEs to provide service to the commercial refuse customers. The estimated cost of these positions is approximately \$88,000.

The Aviation Fund budget includes no proposed increase in airport landing rates or fees for FY 2006/07. The five-year financial plan projects the fund will comply with adopted Financial Policies and maintain a positive fund balance and not require a General Fund operating subsidy.

The Aviation Fund budget also proposes the conversion of two contract workers (2.00 FTEs) to City employees in FY 2006/07. They are meeting a demonstrated need that will continue indefinitely. There is no net fiscal impact associated with the conversions.

Internal Service Funds

Internal Service Funds account for services and equipment provided to all City departments by centralized divisions, such as maintenance of the City's vehicle fleet and insurance coverage.

The proposed Self-Insurance Fund budget assumes total revenue and transfers-in of \$33.8 million. The proposed budget anticipates total operating and claims expenditures and transfers-out of nearly \$28.5 million in FY 2006/07. The projected June 30, 2007 total ending fund balance reserve of approximately \$22.0 million includes \$16.8 million for property casualty, \$0.2 million for employee funded short-term disability, and \$5.0 million for health benefits. With the addition of a municipal Fire Department in FY 2005/06 and the City's transition to self-insurance, solid reserves are essential to the fiscal stability of the plans.

The proposed Fleet Management Fund forecasts \$14.9 million in total revenues and \$16.1 million in expenditures and transfers-out for FY 2006/07. The expenditures and transfers-out include \$5.9 million for vehicle and equipment acquisitions and \$10.0 million for fleet operations. The budget also includes nearly \$154,000 for the hiring of 4.00 FTEs in September 2006 to support the new McKellips Service Center. After considering the proposed vehicle acquisitions, staff additions, and operating impacts, which include higher fuel costs, the proposed five-year financial plan for the Fleet Management Fund continues to maintain a fleet replacement reserve based on life cycle fleet analysis.

Debt Service Fund

Debt service funds are designated for payment of long-term debt not directly paid through the General, Enterprise or Special Revenue funds.

Total revenues and transfers-in to these funds are estimated at \$58.8 million for FY 2006/07, compared to \$59.0 million for FY 2005/06. The secondary property tax levied to pay for voter-approved bonds is the largest revenue source in this fund and is expected to provide approximately \$29.6 million in FY 2006/07. The proposed budget projects the "secondary" property tax rate will decrease from approximately 60 cents to 56 cents per \$100 of assessed valuation. The secondary portion of property taxes is solely dedicated for the repayment of general obligation bonds.

Debt service funds also receive revenue from special district assessments of \$1.1 million, which is used to pay for special district related debt service. The remaining proposed revenues of slightly under \$0.4 million are from miscellaneous sources.

A total of \$60.0 million is planned for debt service payments in FY 2006/07. The largest scheduled debt service payment is \$31.0 million for General Obligation Bonds, including the Bond 2000 program. (In the fall of 2005, the City issued \$125.0 million of voter-approved Bond 2000 General Obligation bonds.) The debt service also includes \$22.0 million for preserve-related Preservation General Obligation Bonds and Scottsdale Preservation Authority (SPA) Revenue Bonds, \$1.1 million for special assessment debt and \$5.9 million for Municipal Property Corporation bonds, a transfer-in from the General Fund used for funding SkySong, the ASU Scottsdale Center for

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Innovation, and WestWorld land purchases.

The budget assumes the City's next General Obligation bond issuance will occur in FY 2007/08 and is currently projected to be \$88.1 million. The bonds will provide funding for voter approved Bond 2000 capital projects such as libraries and parks, neighborhood flood mitigation, scenic corridors, public safety, and transportation.

Capital Improvement Plan

A separate, key component of the annual financial plan is the City's five-year Capital Improvement Plan (CIP) for infrastructure and public facilities – including roads, water and sewer improvements, parks, buildings and information technology. The proposed total CIP appropriation for FY 2006/07 is \$863.8 million, which includes \$498.6 million (or 57.7 percent of the total) re-budgeted from the prior year. Under Arizona law, the City must re-budget the total budget of a capital project until it is completed and capitalized.

Projects listed in the capital budget are funded by a combination of sources. They include the City's transportation sales tax, Bond 2000 funds, user fees, grants, the Proposition 400 regional transportation sales tax, the City's preservation sales tax, development impact fees and General Fund transfers.

The proposed budget continues the practice of leveraging one-time "elastic" revenue from the General Fund (e.g., construction sales tax and development fees) to help pay for capital projects. Municipal bond rating agencies view this as a sound fiscal practice. The City is not relying on uncertain revenue to pay for ongoing programs. The proposed General Fund transfer into the Capital Project Fund for 2006/07 is \$45.4 million.

The capital projects included in the proposed budget are spread throughout the community, with 39 percent north of Indian Bend Road, 24 percent south of Indian Bend, and 13 percent in the McDowell Sonoran Preserve. The remaining 24 percent are considered citywide projects that cannot be tied to a specific area. Additionally, 73 percent of the capital projects budget relates to work on new facilities and 27 percent relates to renovation of community facilities.

Highlights of the proposed capital budget by major project area, along with examples of notable capital projects in each area, are provided below:

Examples of priority projects	(In millions)		
	Rebudgets	New	Total
Community Facilities <ul style="list-style-type: none"> ▪ Arabian Library Phase II ▪ Appaloosa Library ▪ Scottsdale Road Preservation Streetscape Enhancements ▪ SkySong –ASU Scottsdale Center for Innovation ▪ Chaparral Park Extension ▪ Grayhawk Community Park Phase I ▪ South Ballfields Renovation 	\$64.0	\$56.0	\$120.0
Preservation <ul style="list-style-type: none"> ▪ Gateway to the Preserve Amenities 	\$205.8	\$2.1	\$207.9
Drainage & Flood Control <ul style="list-style-type: none"> ▪ Granite Reef Watershed ▪ Loop 101 Outlet Storm Drain ▪ South Scottsdale Road Drainage Corridor 	\$20.6	\$16.0	\$36.6

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Public Safety <ul style="list-style-type: none"> ▪ Fire Station #602 – Downtown Fire Station ▪ Fire Ladder Truck ▪ District 1 Police Facilities ▪ Detention Facility Consolidation ▪ Helicopter Air Support Unit 	\$49.5	\$12.3	\$61.8
Service Facilities <ul style="list-style-type: none"> ▪ City Hall Lagoon Renovation ▪ TPC Stadium Site Access Improvements ▪ TPC Stadium Course Path Access Improvements 	\$18.1	\$18.3	\$36.4
Transportation <ul style="list-style-type: none"> ▪ Pinnacle Peak – Miller to Pima Road ▪ Indian Bend Road - Scottsdale to Hayden ▪ Indian School Road – Drinkwater to Pima Freeway ▪ Stacked 40- North Frontage Road ▪ Pima Road – Deer Valley to Pinnacle Peak ▪ Cactus Road – Pima Freeway to Frank Lloyd Wright ▪ Pima Road – Pima Freeway to Deer Valley ▪ Bikeways Program ▪ Mustang Transit Passenger Facility ▪ McDowell Road Bicycle and Pedestrian Improvements 	\$114.8	\$58.5	\$173.3
Water & Sewer Services <ul style="list-style-type: none"> ▪ Arsenic Mitigation Facilities for the City's Water System ▪ Water Quality Improvements –Southern Neighborhoods ▪ Sewer Collection System Improvements 	\$25.8	\$202.0	\$227.8
Totals	\$498.6	\$365.2	\$863.8

Each year the City staff continues to enhance the capital project evaluation and cash management processes to prioritize funding for projects. The proposed five-year CIP uses conservative financial forecasts and reflects only those high priority projects expected to be completed during the next five years. This approach helps the City manage operating costs for new facilities and avoids raising expectations for projects that are not well defined.

The improvements in managing CIP finances are helping the City to manage cash transfers from the General Fund for capital funding purposes. In FY 2006/07, the budget assumes transfers from the General Fund into the CIP of approximately \$45.4 million. Of this total amount, \$5.3 million will go to general maintenance, \$5.6 million will go to public safety radio replacements and the remaining \$34.5 million will support capital projects that do not have other dedicated funding sources. The significant increase in General Fund revenues flowing into the Capital Improvement Fund will help the City fund key capital projects now and ensure Scottsdale is well positioned in coming years to draw on its capital funding when the City must meet its commitments to build infrastructure at SkySong, the ASU Scottsdale Center for Innovation.

City Manager's Proposed Budget Transmittal

LETTER DATED MARCH 23, 2006

Conclusion

The information provided in this proposal provides the basis for a comprehensive discussion of the proposed budget over the next few months, when the City Council and the public will have the opportunity to gain more insight into the budget development process and the City's financial picture.

In developing this proposed budget, the staff sought to:

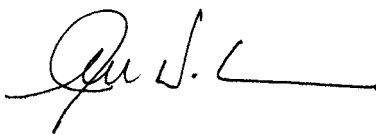
- Use conservative and realistic revenue forecasts – and not rely on one-time construction related revenues to fund ongoing operating budget expenditures.
- Continue to fund needed investment in the City's infrastructure and facilities.
- Limit staff increases to high priority service areas and redeploy existing staff, where possible.
- Limit the City's risk and exposure to high costs in the long-term.
- Use a zero-based program budget approach to justify and control expenditures while still focusing on achieving the City Council's goals and providing basic City services.
- Focus on continuing high priority programs and reduce or eliminate funding to less critical programs.
- Continue to plan for the future through strategic economic development investments that demonstrate a clear return to the community.
- Maintain a prudent level of financial reserves.

It is appropriate to thank the City staff, especially Chief Financial Officer Craig Clifford, Budget Director Art Rullo and the Financial Services staff, who have put much time and expertise into the development of the proposed budget and balanced Five-Year Financial Plan. The staff has been working on this document since adoption of the FY 2005/06 City Budget, when the first steps of this budget review process began. Departments have worked closely with the Financial Services staff and senior management in developing, documenting and reviewing every component of this proposal. The staff has embraced the City Council's goals in building a balanced financial plan that delivers the highest quality services at the most reasonable cost to the residents and businesses of Scottsdale.

The City Council Budget Subcommittee began meeting early this year and many of their insights have been used in developing this proposed budget. Over the coming weeks, the subcommittee and citizens will devote many more hours to understand and analyze the proposed budget, consider citizen, Cultural Council, downtown marketing and individual Council Member requests, and offer their recommendations. Their input is an important part of the budget development process.

On March 28, staff is scheduled to provide City Council with an overview of the proposed operating and capital budgets. On May 2, the Budget Subcommittee will present their comments and recommendations regarding the proposed budget to the full City Council. The City Council will begin its formal review of the budget with the first public budget hearing and tentative budget adoption scheduled for May 15. The second public budget hearing and final budget adoption is planned for June 6.

The City staff and I look forward to a thorough and thoughtful examination of the FY 2006/07 proposed budget.



Janet M. Dolan
City Manager

FY 2006/2007 Budget - How to Use This Book - Volume One

The City of Scottsdale's budget for FY 2006/07 is comprised of three volumes:

Volume One - Budget Summary includes the City Council's Mission Statement and Broad Goals, the City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY 2006/07 through FY 2010/11, which forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

Volume Two - Program Operating Budget presents the individual programs within each department. The publication includes specific information about the program descriptions, goals and objectives, performance measures, customers, partners, and staffing, along with a summary of the program operating budgets by expenditure category and the applicable funding sources.

Volume Three - Capital Improvement Plan (CIP) includes the Capital Project Budget and Five-Year Capital Improvement Plan with more detailed information for each project. Projects accounted for in Enterprise funds are also included in the Capital Project Budget. Capital Project Budget funding sources are matched with budgeted expenditures. Future year operating impacts are noted in the Capital Budget and are also included in the Five-Year Financial Plan.

FY 2006/07 Adopted Budget Summary - Volume One

Volume One begins with the **City Manager's Transmittal** letters dated March 23 for the Proposed Budget and June 6, 2006 for the Adopted Budget. The March 23 letter was used to transmit the City Manager's proposed budget to City Council and highlights the prevailing economic condition under which the budget was prepared. The June 6 letter conveys the key elements of the adopted budget and the changes from the proposed budget.

The **Overview** section of Volume One describes in further detail the City's budget development process, which includes the roles and responsibilities of the City Council, Budget Subcommittee, departmental staff, review teams, and the Budget staff in the budget development process, the budget adoption, implementation and amendment processes, the use of contingency/reserves, the basis of accounting used to prepare the budget, and the relationship of the operating budget to the capital budget. This section concludes with a summary of the City's adopted Comprehensive Financial Policies, which are used to build the budget and manage the City's finances.

The **Fund Summaries & Five-Year Plan, Budget by Fund, and the Capital Improvement Plan** sections of Volume One represent the core of the City of Scottsdale's adopted FY 2006/07 budget. The Fund Summaries & Five-Year Plan provides a retrospective and prospective view of the City's funds. The first part of the Budget by Fund section, entitled Legal Compliance and Financial Management, offers a brief explanation of the City's use of fund accounting to maintain fiscal accountability. Next, a summary entitled Fund Accounting-Fund Types provides the reader with a description of the generic governmental fund types used by the City.

After an explanation of the fund types, a summary of the revenues, expenditures and fund balance by individual funds are presented. The **Budget by Fund** section concludes with two matrixes: 1) Program Operating Budget by Department/Program and 2) Program Budget Relationship with Mayor and City Council's Broad Goals.

The **Capital Improvement Plan** of Volume One provides an overview of the City's CIP development process, project evaluation criteria, funding sources, operating impacts associated with capital projects, and a capital projects list. This section references the reader to Volume Three for further detailed information on capital projects such as the project description, funding source(s), and geographic location.

Volume One concludes with the **Appendix** that provides a summary of authorized full-time and part-time FTEs by department, a summary of authorized staff positions by City department and fund type, the City departmental staff support in the budget development effort, a Five-Year Debt Service Schedule, Schedule of Long-Term Debt Outstanding, a Computation of the Legal Debt Margin as of June 30, 2006, and a General Fund Five-Year Privilege Tax Forecast. A Glossary of terms used throughout the City's budget is also included in this section along with the City Council's ordinances reflecting the adoption of the City's FY 2006/07 budget and property tax levy.

Recommended Budget Practices

The City of Scottsdale budget process incorporates the recommended practices promulgated by the National Advisory Council on State and Local Budgeting (NACSLB). Concurrently, City staff applies diligent effort into improving the process, decisions and outcomes with each new budget year.

The NACSLB was created to provide tools for governments to improve their budgeting processes and to promote their use. In fulfilling that role, the NACSLB set forth a framework that has provided the context for development of a set of budget practices for state and local governments. The significance about the practices is that they represent an unprecedented cooperative effort by several organizations with diverse interests to examine and agree on key aspects of good budgeting. The NACSLB was founded by eight organizations representing elected officials, government administrators, and finance professionals at both the state and local government level.

The NACSLB's work focused on long-term financial planning and encourages governments to consider the longer consequences of actions to ensure that impacts of budget decisions are understood over a multi-year planning horizon and to assess whether program and service levels can be sustained. Practices encourage the development of organizational goals, establishment of policies and plans to achieve these goals, and allocation of resources through the budget process that are consistent with goals, policies and plans. There is also a focus on measuring performance to

determine what has been accomplished with scarce government resources. The following are excerpts of the NACSLB's guiding principles and budget practice recommendations.

Budget Definition

The budget process consists of activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital assets.

A good budget process is characterized by several essential features:

- Incorporates a long-term perspective
- Establishes linkages to broad goals
- Focuses budget decisions on results and outcomes
- Involves and promotes effective communication with stakeholders
- Provides incentives to government management and employees

These key characteristics of good budgeting make clear that the budget process is not simply an exercise in balancing revenues and expenditures one year at a time, but is strategic in nature, encompassing a multi-year financial and operating plan that allocates resources on the basis of identified goals. A good budget process moves beyond the traditional concept of line-item expenditure control, providing incentives and flexibility to managers that can lead to improved program efficiency and effectiveness.

Mission of the Budget Process

The mission of the budget process is to help decision-makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process.

Communication and involvement with citizens and other stakeholders is stressed. The broad nature of the budget mission allows issues to be addressed that have limited the success of budgeting in the past. Apathy is a serious illness of government. It is in the best interests of government to have involved stakeholders.

The term stakeholder refers to anyone affected by or who has a stake in government. This term stakeholder includes, but is not limited to: citizens, customers, elected officials, management, employees and their representatives (whether unions or other agents), businesses, vendors, other governments, and the media.

It is vital that the budget processes include diverse stakeholders. The budget process should accomplish the following:

- Involve stakeholders
- Identify stakeholder issues and concerns
- Obtain stakeholder support for the overall budgeting process
- Achieve stakeholder acceptance of decisions related to goals, services, and resource utilization
- Report to stakeholders on services and resource utilization, and serve generally to enhance the stakeholders' view of government

The importance of this aspect of the budget process cannot be overstated. Regular and frequent reporting is necessary to provide accountability, educate and inform stakeholders, and improve their confidence in the government. Communication and involvement are essential components of every aspect of the budget process.

Principles and Elements of the Budget Process

The budget process consists of four broad principles that stem from the definition and mission previously described. These principles encompass many functions that spread across a governmental organization. They reflect the fact that development of a balanced budget is a political and managerial process that also has financial and technical dimensions.

Each of the principles of the budget process incorporates components or elements that represent achievable results. These elements help translate the guiding principles into action components. Individual budgetary practices are derived from these elements and are a way to accomplish the elements. The principles and elements provide a structure to categorize budgetary practices.

- 1) Establish Broad Goals to Guide Government Decision-Making - A government should have broad goals that provide overall direction for the government and serve as a basis for decision-making.
 - a) Assess community needs, priorities, challenges and opportunities
 - b) Identify opportunities and challenges for government services, capital assets, and management
 - c) Develop and disseminate broad goals
- 2) Develop Approaches to Achieve Goals - A government should have specific policies, plans, programs, and management strategies to define how it will achieve its long-term goals.
 - a) Adopt financial policies
 - b) Develop programmatic, operating, and capital policies and plans
 - c) Develop programs and services that are consistent with policies and plans
 - d) Develop management strategies
- 3) Develop a Budget Consistent with Approaches to Achieve Goals - A financial plan and budget that moves toward achievement of goals, within the constraints of available resources, should be prepared and adopted.
 - a) Develop a process for preparing and adopting a budget
 - b) Develop and evaluate financial options
 - c) Make choices necessary to adopt a budget
- 4) Evaluate Performance and Make Adjustments - Program and financial performance should be continually evaluated, and adjustments made, to encourage progress toward achieving goals.
 - a) Monitor, measure, and evaluate performance
 - b) Make adjustments, as needed

The NACSLB's work goes on to identify 59 practices to achieve the higher-level activities identified in the principles and elements of budgeting. Scottsdale's budget process attempts to incorporate all of the NACSLB's recommended practices.

Budget Roles and Responsibilities

Every City of Scottsdale employee plays a role in the City's budget — whether in its formulation, preparation, implementation, administration, or evaluation. Ultimately, of course, each General Manager, through the City Manager, and the Charter Officers, is accountable to the City Council for the performance of program personnel in meeting City Council's Broad Goals (see the Introduction section) and specific work plan objectives within allocated resource limits.

The actual budget responsibilities of the employees are identified more specifically below:

The **Program Manager** is responsible for preparing an estimate of remaining cost requirements and revenues, if applicable, for the current fiscal year, projecting the base budget requirements for the next fiscal year, and developing other requests that change or revise the program so that it will be more effective, efficient, productive, and economical.

The City departments have **Budget Liaisons** and **CIP Liaisons** that coordinate the day-to-day budget management within their respective departments and with the Budget staff. The **Budget Liaisons** serve as the vital communication link between their City department and their Financial Services Department Senior Budget Analyst on matters related to their specific operating budget. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. The **CIP Liaisons** essentially serve the same role as the Budget Liaisons; however, their focus is on the coordination of capital projects, multi-year capital planning and capital project operating impacts with the Budget staff. In many cases the same

individual serves as both the departmental Budget Liaison and CIP Liaison. A list of Budget Liaisons and CIP Liaisons and their area of responsibility appears in the Appendix.

The **CIP Technology Review Team** and **CIP Construction Review Team** are comprised of mid-level staff from various City departments. These cross-departmental teams are responsible for reviewing the initial review of all of the City's capital projects. Their reviews are focused on timing and cost considerations, compiling lifecycle costs, and preparing a preliminary Capital Improvement Plan recommendation for review and revision by the General Managers, Budget staff, Chief Financial Officer, Assistant City Managers, City Manager, City Council and various boards and commissions comprised of citizens. A list of Coordination Team members appears in the Appendix.

The **Division Directors, General Managers, and Charter Officers** are responsible for reviewing historical performance, anticipating future problems and opportunities, considering alternative solutions, and modifying and assembling their program data into a cohesive budget information package. Each General Manager is responsible for evaluating, reviewing, justifying and prioritizing all program budget operating and capital budget requests for their department. Only those requests, that a General Manager believes support the City Council's Broad Goals, City Manager work plan, administrative direction, and program objectives are to be submitted to the Budget staff.

The **Budget Director** and **Senior Budget Analysts** are responsible for preparing the multi-fund short-range and long-range revenue and expenditure forecasts, calculating user and indirect cost rates, developing the process and related forms for preparing and monitoring the budget, providing budget training sessions to the Budget Liaisons and CIP Liaisons, coordinating the compilation of budget data, analyzing operating and capital budget requests, evaluating and summarizing budget requests from departments and preparing budget review materials for the Chief Financial Officer (CFO), Assistant City Managers, City Manager, Budget Subcommittee, City Council, media and citizens.

The **Budget Director, Chief Financial Officer (CFO)**, and **Assistant City Managers (ACM)** collaborate in developing programmatic, operating, and capital policies and financial plans that help define how Scottsdale will achieve its long-term goals. They are responsible for reviewing the program operating budget and capital budget requests and working with program managers to develop program and service recommendations that are consistent with City Council's Broad Goals, management strategies, and the City's Adopted Comprehensive Financial Policies (see immediately after the Budget Process in the Overview section).

The **City Manager** is responsible for reviewing the total financial program and submitting a balanced Citywide proposed budget, which supports the City Council's Broad Goals as established by the Mayor and City Council.

The **City Council Budget Subcommittee** gathers citizen input and priorities regarding the City's budget early in the budget development process. Immediately after the City Manager's proposed budget is released, the Subcommittee holds two public budget forums in different geographic locations in the City. The budget forums allow citizens the opportunity to provide feedback to the Budget Subcommittee on the proposed budget and to share their priorities. Also, in late March and early April, the Subcommittee holds budget work sessions with each of the department heads to review their proposed operating and capital budgets. The sessions are open to the public and are intended to assess how well the department's proposed budget aligns with the earlier citizen input, priorities, and supports the City Council's Broad Goals established by the Mayor and City Council. The Subcommittee reviews many key aspects of the City Manager's proposed budget such as -- the City's multi-year Financial Plan including an examination of the revenue forecast and related assumptions, employee compensation changes including healthcare and retirement costs, changes to rates and fees, debt schedules and property tax rate and the capital budget. In early May prior to the City Council's first public budget hearing, the Subcommittee members report their findings to the full City Council during a

public meeting.

The **Mayor and City Council** initially set the direction for staff related to the forthcoming budget by establishing broad goals for the organization, which serve as a basis for decision-making. The budget process culminates in late spring with the Mayor and City Council, which are ultimately responsible for the review of the City Manager's proposed budget, tentative budget adoption and final adoption of the budget.

City of Scottsdale's Budget Process

Scottsdale's budget process is a key aspect of its strategic visioning and planning efforts - allowing City Council and staff the opportunity to reassess goals and objectives and the means for accomplishing them. While the budget may be reviewed by the Mayor and City Council in May and adopted in early June, its preparation begins with the City Council's fall retreat, which is open to the public. During the retreat the Council members collaborate on establishing a mission and broad goals for the community and articulating their priorities. During the retreat relevant issues are discussed such as methods of expanding and enhancing public input, and the most recent Economic/Revenue Forecast, and emerging budget/policy issues.

The City Council's feedback from the retreat provides the groundwork and starting point for the staff to begin framing the program operating budget and the capital project budget.

Needs Assessment and Financial Capacity Phase

In this phase, which begins in the late summer and continues up to the final budget adoption, the staff compiles and updates on an ongoing basis the City's multi-fund, multi-year revenue forecast. The first year of the revenue estimates is the most critical in the process, as they will ultimately define the expenditure limitations for the forthcoming budget year. The multi-year revenue perspective further refines the City's planning for current and future period expenditures — with the goal of not adding programs, services or staff which do not have a "sustainable" funding source over the five year planning timeframe.

The preliminary assumptions are used to forecast the City's fiscal capacity and provide the financial framework within which the proposed program budget service levels, capital budget operating impacts and capital infrastructure project budgets must be developed.

Also, during this key phase the City staff is assessing what programs, services, and capital needs exist as seen by our citizens, boards, and commissions. Public input and involvement are an extremely important and value added component of Scottsdale's budget process in assessing citizen satisfaction with services and establishing priorities for the coming budget year(s).

Another way the City gathers public input and further insight into citizens' budget priorities for the forthcoming budget is through the City Council Budget Subcommittee. After the City Manager's proposed budget is released in early March, the Budget Subcommittee holds a public budget forum in two different geographic locations to receive feedback from citizens on the proposal. The Budget Subcommittee then conducts public budget work sessions reviewing the departmental/program budgets and the proposed multi-year Financial Year Plan and proposed budget with the City staff in budget work sessions.

The staff and City Council also use the Economic/Financial Updates and Financial Trends Analysis Report as integral parts of the budget decision-making process incorporating both short and long-range economic and financial forecasts, program objectives and financial capacity to sustain service levels. The most recent Economic/Financial Updates and Financial Trends Analysis Report may be viewed on the City's Internet web site: www.ScottsdaleAZ.gov.

The City's infrastructure needs (capital improvement projects) are also evaluated and play an important role in forecasting related short and long-term operating needs. The General Fund's ability to absorb the ongoing operating costs associated with proposed capital projects is an especially significant criterion in assessing whether a project moves forward in the Capital Improvement Plan and receives funding in the proposed Program Operating and Capital Budgets.

During this early phase of the budget development, the Financial Services Department staff make key fiscal forecasting assumptions, i.e., reserve funding, capital funding contributions, and compensation adjustments with special consideration given to major compensation cost drivers such as healthcare and retirement increases. The projected impacts of cost/inflation over the City's multi-year expenditure projections are also considered and factored into the analysis. The Financial Services Department staff prepares the multi-year revenue forecast for all major revenue sources using historical trend analysis as the starting point and then modifies the results to reflect emerging or known changes in each revenue source. Using the updates from the Financial Services Department staff monthly revenue meetings, the earlier multi-year revenue projections are further updated and refined. This is an ongoing process before the budget is adopted, and usually results in at least monthly updates to the multi-year revenue projections. The review and forecasting process is an iterative one and continues with monthly monitoring by the Financial Services Department staff after budget adoption.

The preliminary assumptions are used to forecast the City's fiscal capacity and provide the financial framework within that program service levels and capital infrastructure project budgets must be developed.

Policy/Strategy Development and Prioritization Process Phase

At its fall retreat, the City Council typically review the citizen input, Financial Policies, Economic Trends Analysis, citizen survey results and the most current Financial Forecast. They discuss broad organizational goals, priorities, and constituents' suggestions and expectations for Scottsdale. From this, the City Council establishes broad goals and strategic directives, which are the cornerstone for the development of the budget. These broad goals provide the overall direction for Scottsdale and serve as a basis for decision-making. The executive and senior management staff updates City financial policies, plans, programs, and management strategies to define how the City will achieve the broad goals. It is within this framework that the City staff formulates the proposed Program Operating and Capital Budgets.

Budget Development and Prioritization Process Phase

In the early fall, the Capital Improvement Plan development begins in conjunction with the City's financial forecasts. Initial departmental capital project requests and changes to existing capital projects are reviewed by cross-departmental teams for accurate costing, congruence with City objectives and prioritized using a set of predetermined criteria. Financing sources are then sought for the highest-ranking projects. The teams involved in this process include the CIP Technology Review Team and the CIP Construction Review Team. The CIP Technology Review Team is made up of mid-level technology managers from various City departments. The CIP Construction Review Team is made up of mid-level Capital Project Management staff with expertise in public building planning and construction, street improvements, stormwater management, landscaping, etc. The staff, when developing their Program Operating Budget plans, closely considers the operating impacts of current and proposed capital projects. Staff also considers City Council's Broad Goals and strategic directives as they develop program objectives and work plans for the budget period.

Later in the fall after the CIP is underway, the City staff updates their proposed performance measurements. The performance measurements are developed to measure results and ensure accountability, which enable managers and policy makers to evaluate progress towards stated goals and objectives. The staff also prepares their proposed Program Operating Budgets at this time, using a zero-based program budget approach, which requires that the budget be prepared solely at the existing service operating levels – no modifications are permitted at this stage of the budget development. The departmental staff is also asked to evaluate their programs and/or positions for possible trade-offs, reductions or eliminations, or service level changes to offset inflation, contractual, compensation, and benefit cost increases.

Under the City's zero-based program budget approach, any proposed changes in service levels, new programs, population/service growth, additional staff, and program trade-offs resulting in service level reductions/increases must be submitted to the

Budget Office in an Evaluation Decision Package. An Evaluation Decision Package provides extensive analysis and justification for the department's request and is reviewed by the City Manager and Assistant City Managers during the budget development and prioritization process. In the later stages of the City's budget development process, Evaluation Decision Packages are considered and balanced among numerous competing demands within the City's available, ongoing resources. When funding needs exceed the City's funding limits, remedies may be one or more of the following: reduce base budget, identify new revenues, employ process management tools, and/or form partnerships with other City programs or non-profit organizations.

City Management Review and Modification Phase

In the early winter, the Departments submit their proposed Program Operating Budget and Capital Project Budget requests to the Budget Office. The Budget Director and Senior Budget Analysts compile the information and provide the first review of the material. The initial multi-faceted review focuses on: ascertaining the departments complied with the Budget Office's budget instructions, reviewing the mathematical accuracy and logic of the departmental base budget and capital project requests, and any Evaluation Decision Packages. The review also includes a broader assessment of whether the departmental budget proposals address City Council's Broad Goals, strategic directives, and program service needs while maintaining a Citywide perspective ensuring the fiscal integrity of the City (not exceeding our forecasted resources/limits).

The City Manager, Assistant City Managers, CFO, Budget Director and Budget staff collaborate on the development of a recommended Five-Year Financial Plan and proposed budget for each fund and submit to the City Council for review and adoption. As noted above, the City Council Budget Subcommittee also reviews the proposed multi-year revenue forecasts for reasonableness and the expenditure budgets for efficiencies and alignment with community needs and expectations.

Budget Subcommittee and City Council Review and Adoption Phase

In late March and early April, the City Council Budget Subcommittee holds public budget work sessions to review each department's proposed budget and the City multi-year Financial Plan. This review is detailed in nature and focuses on how the department's program operating and capital budgets address the articulated priorities of the public and City Council's Broad Goals.

During an early spring City Council meeting, staff presents the proposed operating and capital budgets to the City Council in a public meeting for consideration and further public input. The City Council Budget Subcommittee presents their findings to the full City Council in early May, before the City's first public budget hearing. The budget is also communicated to the general public in a summary format using a newspaper insert, "Budget in Brief" handouts, televised public City Council meetings and budget hearings, Internet and/or a combination of these formats.

The full City Council considers the proposed operating and capital budgets and holds work-study sessions and public budget hearings in April through early June. The sessions provide an opportunity for City management, departments, and the general public to offer information and recommendations to the City Council.

The series of required public budget hearings and Council work-study sessions are held and the City Council adopts the budget and property tax levy consistent with the City Charter and State law. Per the City Charter, the City Council must have Tentative Adoption of the proposed budget, on or before the second regular council meeting in May each year. This meeting is usually held in mid-May. *(Note: State law requires on or before the third Monday in July of each fiscal year, the City Council must adopt the tentative budget).* Tentative Adoption sets the legal maximum expenditure (i.e., appropriation) limit for the coming fiscal year budget. Under the City's Charter, the Final Adoption of the budget must occur at the first Regular City Council meeting in June. *(Note: There is no specific date set by state law for adoption of the final budget. However, for jurisdictions with a property tax, such as*

Scottsdale, the deadline for adoption of the property tax levy is the third Monday in August. Since state law requires a period of at least fourteen (14) days between adoption of the final budget and adoption of the property tax levy, the budget should be adopted by the first Monday in August of each year).

Arizona State law requires a "balanced" budget, which is "all-inclusive". Arizona State Revised Statute (ARS 42-17151) defines a "balanced" budget as follow:

"Fix, levy and assess the amount to be raised from primary property taxation and secondary property taxation. This amount, plus all other sources of revenue, as estimated, and unencumbered balances from the preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year."

Under Arizona State law "all-inclusive" means if an item is not budgeted (i.e. does not have an appropriation), it cannot legally be spent during the fiscal year. Therefore, the budget must include sufficient appropriation and contingency provisions for expenditures related to revenues (i.e., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the City to comply with the Arizona State law and to pro-actively pursue emerging revenue sources as the budget year unfolds. Expenditures (i.e., appropriations) associated with items such as possible future grants/revenues may not be spent without City Council's prior approval at a public meeting.

Arizona State Revised Statutes only requires communities to prepare budgets for two funds — the General Fund (ARS 42-17101) and Highway User Fund (ARS 28-6533) (See the Transportation Fund). In addition to these two funds the City prepares budgets and requests legal appropriation for all of its funds — Special Revenue, Debt Service, Enterprise, Internal Service, Grants, Trust and Capital Improvement Plan Funds. The ordinance adopting the annual budget requires City Council authorization for expenditures from the aforementioned funds, which in the aggregate constitute the City's total Operating, Capital Budget and Contingency/Reserves for purposes of complying with the State's

balanced budget and legal maximum appropriations requirements.

Implementing, Monitoring, and Amending the Budget Phase

In July, the City staff begins the process of implementing the newly adopted budget and is accountable for budgetary control throughout the fiscal year. Revenue and expenditure patterns are examined, compared to budget plans, and corrective action, if necessary, is taken during the fiscal year. Members of the Financial Services staff meet every month to review current demographic, economic and financial trends, which may impact the City, and to plan strategy to ensure the City's fiscal integrity. City management and City Council are also provided monthly Economic Update Reports disclosing actual revenue, expenditure, and fund balance performance as compared to the budget plan.

Upon the final adoption of the budget, staff incorporates any of City Council's approved changes to the Tentative Budget proposal and implements the Program Operating Budget and the Capital Improvement Plan. The final Program Operating Budget and Capital Improvement Plan are typically published no later than the end of July.

Scottsdale's programs and activities are periodically reviewed to determine if they are achieving City Council's Broad Goals, accomplishing strategic objectives and making efficient use of limited resources. City values of "plan and innovate for the future" and "focus on quality customer service" along with City Manager directed studies of several service and program areas during the next budget year help communicate this expectation. The Financial Services staff, senior management, and the Internal Audit staff all provide assistance to staff in their review of programs.

The staff of every City service or program is expected to conduct self-assessments and develop cost and quality measures of efficiency and effectiveness. Internal performance measurements are developed and reviewed on a periodic basis by program managers. Scottsdale's culture, along with the City value of "listen, communicate, and take action" stresses open communication and stakeholder involvement determining satisfaction

with programs and services and in identifying areas needing additional attention.

Ongoing monitoring of the City's financial performance is required of all program managers on a monthly basis. Written budget to actual expenditure variance reports must be submitted monthly by all City departments, if a variance exceeds pre-determined variance ranges, as established by the Budget Office. Additionally, the departments must be able to explain in writing to the Budget Office any impact of a variance on the projected year-end budget savings and/or fund balances.

The City of Scottsdale's Program Operating Budget is adopted at a department level and the Capital Improvement Plan is adopted at a project level.

The City uses the following as guidance for budget transfers:

All proposed budget transfers between departments and capital projects must be approved by the department General Manager, Budget Director, CFO and the City Manager *before* being submitted to City Council for consideration in a public meeting. If approved by City Council, the transfer is processed in the budget system by the Financial Services Systems Integrator staff.

Proposed salary budget transfers (51000 accounts) within the same department require the prior written approval of the department General Manager, department Budget Liaison, Senior Budget Analysts and the Budget Director and the City Manager. If approved in writing by the City Manager, the transfer is processed in the budget system by the Financial Services Systems Integrator staff.

Proposed non-salary budget transfers (52000, 53000 and 54000 accounts) within the same department require the prior written approval of the department General Manager, department Budget Liaison, Senior Budget Analysts and the Budget Director. If approved, the transfer is processed in the budget system by the Financial Services Systems Integrator staff.

In addition, proposed budget changes for capital projects funded by Bond 2000 require review by the Citizen Bond Review Commission at a public meeting and then the approval of City Council. All

requests for adjustment require written justification and an explanation of the fiscal impact, which is reviewed by the Financial Services staff prior to written approval.

All amendments to the budget that require a transfer from the Contingency/Reserve Funds require City Council's prior approval at a public meeting before the amendment can be made by staff.

Use of Contingency/Reserve Funds

The Contingency/Reserve Fund is strictly defined in the City's financial policies adopted by City Council annually and used when additional funds are necessary to offset events such as: unexpected revenue shortfalls or expenditure increases so that budgeted citizen service measures can be maintained; unanticipated grants are received; and when unanticipated and/or inadequately budgeted events threaten the public health or safety. Use of Contingency/Reserve Funds is to be utilized only after all alternative budget funding sources and other options have been fully considered. All Contingency/Reserve Fund requests require a written justification and an explanation of the fiscal impact, which is reviewed and approved in writing by the Budget Analyst, Budget Director, Chief Financial Officer, the applicable service area Assistant City Manager, and City Manager before being presented to City Council for consideration in a public meeting.

Budgetary and Accounting Basis

Scottsdale's budget is prepared on a cash basis of accounting for all fund types, which means certain transactions are recognized in the budget on a basis other than Generally Accepted Accounting Principles (GAAP), which is the basis used to prepare the City's Comprehensive Annual Financial Report (CAFR). The major differences between the budgetary and GAAP basis are:

Certain revenues, expenditures, and transfers are not included on the budget basis, but are accrued and reported on the GAAP basis. For example, increases or decreases in compensated absences are not reported for budget basis purposes, but are presented as revenues or expenditures on the GAAP basis.

Indirect administrative cost allocations (including in-lieu property tax and franchise fees) charges to the Enterprise Funds are accounted for as transfers in or out on the budgetary basis, but are recorded as revenues or expenses on the GAAP basis.

Capital outlays in the Enterprise Funds are presented as expenses for budget basis, but are recorded as assets along with associated depreciation expenses on the GAAP basis.

Capital contributions and gains or losses on the sale of capital assets in the Enterprise and Internal Service Funds are presented as increases or decreases to net assets on the GAAP basis, but not included for budget purposes.

Debt service principal payments in the Enterprise Funds are accounted for as expenses for budget purposes, but are reported as reductions of long-term debt liability on the GAAP basis.

Certain debt service principal and interest payments are accounted for as expenses in the General Fund for budget basis purposes, but are reported as expenses in the Debt Service Fund on the GAAP basis.

For budget purposes the Risk Fund presents claim expenditures on a cash basis, while on a GAAP basis the claim expenditures reflect an accrual for "incurred but not reported" (IBNR) claims.

All actual amounts in the budget document are shown on the budgetary basis to facilitate meaningful comparisons. Budgeted funds include the General, Special Revenue, Debt Service, Enterprise, Internal Service, Grants, Trust, and Capital Improvement Plan.

Operating and Capital Budget Relationship

The City of Scottsdale's Budget for FY 2006/07 is comprised of three volumes:

Volume One includes the City Council's Mission Statement and Broad Goals, City Manager's Transmittal Letters, and Adopted Financial Policies. The Five-Year Financial Plan covers the period FY

2006/07 through FY 2010/11 and forecasts results of operations by fund and incorporates the operating expenses of capital improvements for the period.

Volume Two presents the individual programs within each department. The publication includes program descriptions, specific information about the goals and objectives, customers, partners, staffing, along with a summary of the program operating budgets by expenditure category and the applicable funding sources.

Volume Three includes the Capital Project Budget and Five-Year Capital Improvement Plan with detailed information for each approved project. Projects accounted for in the City's Enterprise Funds (Water & Sewer, Solid Waste and Aviation) are also included in the Capital Project Budget. Capital Project Budget funding sources are matched with budgeted expenditures. Estimated future year operating impacts are noted in the Capital Budget and included in the Five-Year Financial Plan for all approved projects, if applicable.

Governmental accounting procedures and state law require expenditures for the Five-Year Capital Improvement Plan to be budgeted sufficiently to pay for an entire contract, meaning the legal authority is available and appropriated in the period in which a contract is entered into by the City. Therefore, capital expenditures are presented on a budget basis reflecting the total appropriated amount, as opposed to a cash flow basis, which may take several fiscal years to be paid out. For example, a 180-day construction contract entered into in May of fiscal year one would have cash expenditures from May of fiscal year one through October of fiscal year two, however, the entire budget for this contract must be appropriated in fiscal year one, the year in which the contract was entered; any unspent funds at fiscal year-end are carried forward and re-budgeted in year two.

Funding sources for the Five-Year Capital Improvement Plan are presented on budget basis, except for transfers-in from the Program Operating Budget, which are presented on a cash basis. These revenue sources are presented in the period that the funding will be transferred in order to provide continuity between the Program Operating Budget and the Capital Improvement Plan. As a result of

presenting the transfers-in on the cash basis, funding sources do not equal budgeted expenditures in each period, creating a fund balance as cash accumulates for larger expenditures in later years.

For further explanation of capital project funding sources and expenditures, refer to the Capital Improvement Plan section, and the Fund Summaries and Five-Year Plan section of this Volume.

Five-Year Financial Plan

The City's five-year financial planning process used to develop the budget is a year round process. The budget process begins in the early fall with the initial updating of the five-year financial plan for each of the City's major funds. The staff reviews the multi-year financial plans for the following funds that appear in the budget – General, Transportation, Preservation Privilege Tax, Special Programs, Special Districts, Debt Service, Water & Sewer, Solid Waste, Aviation, Fleet, Self-Insurance, and Trust. Using the latest fiscal, operational, and legislative information, the staff works collaboratively with the City departments to update the most recently adopted budget and to create a forecast for the current budget year. This forecast serves as the basis for the development of the City's proposed five-year financial plan.

In mid-March, the City Manager provides the City Council Budget Subcommittee and the City Council with the updated five-year financial plans for their review and consideration. The staff works with the Budget Subcommittee to review the underlying assumptions and reasonableness of the plans. The plans are used to develop the budget for the coming year (i.e. the first year of the plan) and subsequent out-years of the five-year financial forecast period. This time is also used to identify future service and financial issues requiring attention during the budget planning process.

The five-year financial plans provide City Council, City management, citizens and municipal bond rating agencies with the benefits of a long-term financial perspective of revenues, expenditures, transfers in/out, fund balances, and capital financing options. They also serve as the basis to test the potential impacts of proposed policy and operational modifications and pending legislative changes all intended to avoid subjecting citizens to wide or

irregular fluctuations in rates/fees and service levels. Proposed future operating impacts of capital projects are also included in the forecasts, which facilitates the planning, integration, and timing of the capital projects into the City's five-year financial plans. The City Council and City management use the plans to assess the impact of their proposed decisions in a long-range financial context. These decisions may include the proposed addition of new staff, new debt issuances and debt refunding, tax rates changes, the desire to create, modify or eliminate fees/rates, new or expanded services and state legislation and census changes. Based on the fiscal impact of these decisions, City Council has an opportunity to modify the proposed plans.

As noted above, the development and updating of the five-year financial plans is a year-round process. The staff monitors the current budget on a monthly basis and makes adjustments to the estimated annual revenues and expenditures based on the latest economic information, legislative changes and Council priorities. The revenue and expenditure variances and estimated ending fund balances are reported monthly to the City Council, City management and other stakeholders via the **City of Scottsdale Monthly Financial Update**. The staff also monitors and identifies changes in the financial and economic climates and considers solutions to negative trends, thereby preserving the financial health of Scottsdale.

The five-year financial plans are complemented by the Financial Services Departments preparation of the City's **Financial Trends Report**. The trends are prepared using the most recently completed fiscal year end audited financial information as the basis of the report and are issued in the early fall.

Revenue Forecasting

The City of Scottsdale uses both qualitative and quantitative methods for forecasting revenues, blending various techniques to develop conservative and prudent revenue projections. Qualitative revenue forecasting methods used by staff to develop multi-year financial plans include consensus, judgmental, and expert forecasting, while trend analysis is used as a quantitative technique. This balanced approach to revenue forecasting is strongly encouraged by the Government Finance Officers

Association (GFOA), since research shows that forecasting accuracy is improved by combining qualitative and quantitative techniques. According to the GFOA, each method by itself has inherent weaknesses: qualitative methods can be too subjective at times and may be subject to wishful thinking and selective perception on behalf of the forecasters; quantitative methods may fail to consider changing conditions inside and outside a jurisdiction and also tend to discount important historical events. By combining qualitative and quantitative methods, forecasters integrate judgmental assumptions within the forecasting framework to produce more realistic revenue projections.

To enhance the revenue forecasting process and gain the broader input into the planning process, the Financial Services staff works collaboratively with the City departments throughout the year to prepare the revenue estimates. This multi-disciplinary approach and continual reassessment creates a synergy between the central finance staff and the department field staff, which reduces the likelihood of miscommunications in formulating the revenue estimates. The field staff's participation in the revenue estimates also increases their ownership and accountability for achieving the proposed plan.

City of Scottsdale's Comprehensive Financial Policies

The following City financial policies adopted by Resolution by the City Council establish the framework for Scottsdale's overall fiscal planning and management. They set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. Scottsdale's publicly adopted financial policies show the credit rating industry and prospective investors (bond buyers) the City's commitment to sound financial management and fiscal integrity. The financial policies also improve the City's fiscal stability by helping City officials plan fiscal strategy with a consistent approach. Adherence to adopted financial policies promotes sound financial management, which can lead to improvement in City bond ratings and lower cost of capital.

Operating Management Policies

1. All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements. In order to ensure compliance with policy, sunset provisions will be required on all grant program initiatives and incorporated into other service plans, as appropriate.
2. The budget process is intended to weigh all competing requests for City resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.
3. Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and modified zero-base expenditure analysis that requires every program to be justified annually in terms of meeting intended objectives ("effectiveness criteria") and in terms of value received for dollars allocated ("efficiency criteria"). The process will include a diligent review of programs by staff, management, citizens and City Council.
4. A City Council Budget Sub Committee will solicit citizen input and serve in an advisory capacity in reviewing operating and capital budget recommendations from a departmental, program, and goals perspective.
5. Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices (GAAP). All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.
6. Current revenues will fund current expenditures and a diversified and stable revenue system will be developed to protect programs from short-term fluctuations in any single revenue source. To ensure that Scottsdale does not become overly reliant on 'growth' revenues for operating needs, a minimum of 25% construction privilege tax revenues will be transferred annually to the Capital Improvement Program for one-time capital project use.
7. Addition of personnel will only be requested to meet program initiatives and policy directives, after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
8. Enterprise (Water, Sewer, Solid Waste Management, and Airport) user fees and charges will be examined annually to ensure that they recover all direct and indirect costs of service and be approved by the City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents. Rate adjustments for enterprise operations will be based on five-year financial plans.
9. All non-enterprise user fees and charges will be examined annually to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.

10. Development impact fees, as permitted by state law, for capital expenses attributable to new development will be reviewed annually to ensure that fees recover all direct and indirect development-related expenses and be approved by City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents.
11. Capital equipment replacement will be accomplished through the use of a "rental" rate structure. The rates will be revised annually to ensure that charges to operating departments are sufficient for operation and replacement of vehicles and other capital equipment (fleet, computers, phones and copier systems). Replacement costs will be based upon equipment lifecycle financial analysis.
12. Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers, and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered during the budget process.
13. Balanced revenue and expenditure forecasts will be prepared to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated annually, focus on a three-year horizon, but include a five-year outlook.
14. Alternative means of service delivery will be evaluated to ensure that quality services are provided to our citizens at the most competitive and economical cost. Departments, in cooperation with the City Manager, will identify all activities that could be provided by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed annually or on an "opportunity" basis.
15. Cash and Investment programs will be maintained in accordance with the City Charter and the adopted investment policy and will ensure that

proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal, in that order.

16. The City will follow an aggressive, consistent, but sensitive to the circumstances policy of collecting revenues to the limit of our ability. Collection policy goal will be for all adjusted uncollectible accounts to be no more than .5 of 1% of the total City revenue being adjusted for bad debts annually.

Capital Management Policies

17. A five-year Capital Improvement Plan will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction which results in a capitalized asset costing more than \$25,000 and having a useful (depreciable life) of two years or more.
18. The capital improvement plan will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.
19. Proposed capital projects will be reviewed and prioritized by a cross-departmental team regarding accurate costing (design, capital, and operating) and overall consistency with the City's goals and objectives. Financing sources will then be identified for the highest ranking projects.
20. Capital improvement lifecycle costs will be coordinated with the development of the Operating Budget. Future operating, maintenance and replacement costs associated with new capital improvements will be forecast, matched to available revenue sources and included in the Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.

21. Dedicated two tenths of percent (.2%) privilege tax revenue for transportation improvements will be restricted to funding the planning, design, construction and acquisition costs associated with building, renovating, or enhancing capital projects for streets, highways, traffic control, transit and aviation and transportation improvement operating costs.
 22. Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 25 percent of all capital improvement projects for each five-year planning period. Pay-as-you-go financing is defined as all sources of revenue other than City debt issuance, i.e., fund balance contributions, developer contributions, grants, endowments, etc.
 23. Pay-as-you-go contributions up to 10% or \$500,000, whichever is less, may be authorized by City Council towards any single utility undergrounding improvement district. Any unused annual budget authorization may carryforward towards a maximum \$2 million appropriation for utility undergrounding capital projects that benefit the community as a whole.
- calculation because it is paid by district property owners and is not an obligation of the general citizenry. Separate criteria have been established regarding ID and CFD debt policies.
28. General Obligation debt, which is supported by property tax revenues and grows in proportion to the City's assessed valuation and/or property tax rate increases, will be utilized as authorized by voters. Other types of voter-approved debt (e.g., water, sewer, and HURF) may also be utilized when they are supported by dedicated revenue sources (e.g., fees and user charges).
 29. General Obligation debt issuances will be managed on an annual basis to match funds to Capital Improvement Plan cashflow requirements while being sensitive to the property tax burden on citizens. Careful management of bond issuances will allow the City to not exceed \$1.50 property tax per \$100 assessed value.
 30. Municipal Property Corporation and contractual debt, which is non-voter approved, will be utilized only when a dedicated revenue source (e.g., golf course revenue, privilege tax, bed tax) can be identified to pay debt service expenses. The following considerations will be made to the question of pledging of project (facility) revenues towards debt service requirements:
 - a. The project requires monies not available from other sources.
 - b. Matching fund monies are available which may be lost if not applied for in a timely manner.
 - c. Catastrophic conditions.
 - d. The project to be financed will generate net positive revenues (i.e., the additional tax revenues generated by the project will be greater than the debt service requirements). The net revenues should not simply be positive over the life of the bonds, but must be positive each year within a reasonably short period (e.g., by the third year of debt service payments).

Debt Management Policies

24. The City will seek to maintain and, if possible, improve our current bond rating in order to minimize borrowing costs and preserve access to credit.
25. An analysis showing how the new issue combined with current debt impacts the City's debt capacity and conformance with City debt policies will accompany every future bond issue proposal.
26. The City will communicate, and, where appropriate, coordinate with all jurisdictions with which we share a common tax base concerning our collective plans for future debt issues.
27. City Debt Service costs (GO, MPC, HURF, Revenue Bond, McDowell Sonoran Preservation and Contractual Debt) should not exceed 25% of the City's operating revenue in order to control fixed costs and ensure expenditure flexibility. Improvement District (ID) and Community Facility District (CFD) debt service is not included in this

31. McDowell Sonoran Preservation debt service will be funded by the dedicated .35% privilege tax. The City's privilege tax to revenue bond debt service goal will be at least 1.5:1 for senior lien debt to ensure the City's ability to pay for preserve debt from this elastic revenue source.
32. Improvement District (ID) and Community Facility District *(CFD) Bonds shall be permitted only when there is a general City benefit. ID and CFD bonds will be utilized only when it is expected that they will be issued for their full term. It is intended that ID and CFD bonds will be primarily issued for existing neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage.
 - a. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the City. In addition, the City's cumulative improvement district debt will not exceed 5 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.
 - b. Community Facility District debt will be permitted only when the full cash value of the property, as reported by the Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3/1 prior to issuance of debt and 5/1 or higher after construction of improvements. In addition, the City's cumulative facility district debt will not exceed 5 percent of the City's secondary assessed valuation. The landowner/developer shall also contribute \$.25 in public infrastructure improvement costs of each dollar of public infrastructure improvement debt to be financed by the district.
33. Debt financing should not exceed the useful life of the infrastructure improvement with the average (weighted) bond maturities at or below ten years.
34. A ratio of current assets to current liabilities of at least 2/1 will be maintained to ensure the City's ability to pay short-term obligations.
35. Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction of this plan.
36. Utility rates will be set, as a minimum, to ensure the ratio of revenue to debt service meets our bond indenture requirement of 1.2/1. The City goal will be to maintain a minimum ratio of utility revenue to debt service of 1.6/1 or greater, to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes, and to ensure a balanced pay-as-you-go Capital Improvement Plan.

Reserve Policies

37. All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the City's balanced five year financial plan.
38. General Fund Stabilization Reserve of 10 percent of annual general governmental (General and Transportation funds) operating expenditures will be maintained for unforeseen emergencies or catastrophic impacts to the City. Funds in excess of 10 percent, but not to exceed \$5 million, may be used for economic investment in the community when justified by the financial return to the City.
39. Debt Service Reserve will be funded with secondary property taxes, levied by City Council, sufficient to pay the bonded indebtedness for General Obligation bond principal and interest. A debt service sinking fund will be maintained to account for these restricted revenues and debt payments, as well as any additional debt amounts deemed to be advisable and necessary for any public or municipal purposes. An excise tax debt reserve will be funded at no less than the annual

- debt service for all currently outstanding (1%) excise tax supported debt.
40. Water and Sewer Fund Reserves will be maintained to meet three objectives: (1) ensure adequate funding for operations; (2) to ensure infrastructure repair and replacement; and, (3) to provide working capital to provide level rate change for customers.
 - a. An Operating Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide sufficient expenditure flexibility during times of unusual weather resulting in variations in average consumption and associated operating expenses.
 - b. A Replacement and Extension Reserve will be maintained, per bond indenture requirements, to meet the minimum requirement of 2% of all tangible assets of the system to ensure replacement of water and sewer infrastructure.
 - c. In addition, Working Capital will be funded based upon a multi-year financial plan to provide adequate cash for water and sewer capital improvements and to level the impact of rate increases upon our customers.
 41. Solid Waste Management Fund Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with solid waste disposal. Costs may include site purchase, technology applications, or inter-governmental investment to maximize the value of waste disposal activities.
 42. Aviation Fund Reserve will be funded not to exceed 90 days of budgeted system operating expenditures to provide contingency funding for costs associated with airport operations. Costs may include site purchase, technology applications, or inter-governmental investment to maximize the value of airport activities.
 43. Self-Insurance Reserves will be maintained at a level, which, together with purchased insurance policies, will adequately indemnify the City's property, liability, and health benefit risk. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels,

which will be approved by Council.

44. Fleet Management Reserve will be maintained based upon lifecycle replacement plans to ensure adequate fund balance required for systematic replacement of fleet vehicles and operational contingencies. Operating departments will be charged for fleet operating costs per vehicle class and replacement costs spread over the useful life of the vehicles.
45. Contingency Reserves to be determined annually will be maintained to offset unanticipated revenue shortfalls and/or unexpected expenditure increases. Contingency reserves may also be used for unanticipated and/or inadequately budgeted events threatening the public health or safety. Use of contingency funds should be utilized only after all budget sources have been examined for available funds, and subject to City Council approval.

Financial Reporting Policies

46. The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).
47. An annual audit will be performed by an independent public accounting firm, with an audit opinion to be included with the City's published Comprehensive Annual Financial Report (CAFR). The independent auditor will present CAFR and discuss audit findings concerning internal controls and operational efficiencies at a public meeting.
48. The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference.

49. The City's CAFR will also be submitted to Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) as a continuing commitment to disclose thoroughness to enable investors to make informed decisions.
50. The City's Budget will be submitted to the GFOA Distinguished Budget Presentation Program. The budget should satisfy criteria as a financial and programmatic policy document, as a comprehensive financial plan, as an operations guide for all organizational units and as a communications device for all significant budgetary issues, trends and resource choices.
51. Financial systems will maintain internal controls to monitor revenues, expenditures, and program performance on an ongoing basis.

Fund Summaries and Five-Year Plan

To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the City's accounting and budget structure is segregated into various funds. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes; for example, Special Revenue Funds are used to account for the expenditure of restricted revenues, while Enterprise Funds account for self-sustaining "business" related activities for which a fee is charged to cover all costs associated with that business. The General Fund is the City's chief operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

A **fund** is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The **General Fund** is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, code enforcement, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Transportation, Preservation Privilege Tax, Special Programs, Special Districts and Grants.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

Enterprise Funds are used to account for operations, including debt service that are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, Solid Waste, and Aviation activities.

Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

Trust Funds are used to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

Capital Improvement Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City maintains several Capital Project funds to ensure legal compliance and financial management for various restricted revenues. Examples of restricted revenue funds are:

Bond Funds – are used to account for bond proceeds to be used only for approved bond projects.

Transportation Privilege Tax Capital Funds – are used to account solely for transportation projects funded by dedicated privilege taxes.

Grant Capital Funds – are used to account for the proceeds of capital grants.

Enterprise Capital Funds – are used to account for utility rates and development fees for specific projects.

General Capital Funds – are used to account for transfers-in from the General Fund for any other project for which special or dedicated revenues are not available.

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• The following section presents •
• several schedules detailing the City •
• of Scottsdale's Budget by Fund and •
• includes Fund Summaries and the •
• Five-Year Financial Plan for each of the •
• City's funds. •
• •

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE GENERAL FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance				
General Fund Reserve	22,870,024	24,858,781	24,746,163	28,197,118
Economic Investment	9,819,205	5,000,000	5,000,000	-
Tourism Reserve	-	1,876,309	1,876,309	-
Operating Contingency	2,500,000	2,800,000	2,800,000	6,686,090
Public Safety Tax	-	307,809	-	-
Open Purchase Order & Liabilities Reserve	4,400,000	4,400,000	4,400,000	5,000,000
Unreserved Fund Balance	11,105,548	20,005,811	29,904,984	30,074,161
Total Beginning Fund Balance	50,694,777	59,248,710	68,727,456	69,957,369
Revenues				
Taxes - Local				
Privilege Tax	94,131,814	96,677,130	103,523,290	110,286,447
Privilege Tax - Public Safety	7,748,339	9,667,713	10,352,329	11,028,645
Property Tax	17,393,270	18,698,508	18,698,508	20,065,685
Transient Occupancy Tax	7,904,540	8,176,500	8,900,000	1,869,000
Light & Power Franchise	5,503,617	5,649,051	5,900,000	6,050,000
Cable TV Franchise	2,766,246	2,754,000	2,900,000	3,282,815
Salt River Project Lieu Tax	201,060	202,864	202,864	202,864
Stormwater Water Quality Charge	611,989	630,360	700,360	721,371
Fire Insurance Premium	523,773	-	-	-
Taxes - From Other Agencies				
State Shared Sales Tax	18,579,000	19,025,797	21,000,000	20,630,000
State Revenue Sharing	18,634,175	20,512,126	21,212,126	20,848,490
Auto Lieu Tax	8,538,895	8,925,000	9,300,000	9,579,000
Licenses, Permits & Fees				
Building Permit Fees & Charges	18,164,152	15,500,000	19,000,000	17,000,000
Fire Service Charges	-	-	-	1,000,000
Business Licenses & Fees	1,703,211	2,007,748	2,007,748	2,088,058
Recreation Fees	2,429,323	2,341,350	2,600,000	2,800,000
WestWorld	1,810,119	1,824,209	2,200,000	2,275,000
Fines & Forfeitures				
Court Fines	5,137,706	5,096,000	5,200,000	5,304,000
Parking Fines	187,072	213,195	300,000	306,000
Photo Enforcement Revenue	2,739,993	2,512,500	2,200,000	2,525,063
Photo Enforcement Pilot Program Loop 101	-	10,000,000	2,285,000	2,000,000
Library Fines & Fees	640,227	612,780	712,780	650,000
Interest Earnings/Property Rental				
Interest Earnings	2,274,986	1,850,000	2,600,000	2,300,000
Property Rental	3,135,417	3,018,400	3,220,000	3,100,000
Other Revenue				
Miscellaneous	1,067,716	1,020,000	1,300,000	300,000
Subtotal	221,826,640	236,915,231	246,315,005	246,212,437
Transfers In				
In Lieu Property Tax	2,517,313	2,650,430	2,650,424	2,883,046
Indirect/Direct Cost Allocation	8,635,224	9,898,166	9,898,166	10,207,678
Franchise Fees	4,972,214	5,258,221	5,258,221	5,597,691
Reimbursements	771,142	-	-	-
Subtotal	16,895,893	17,806,817	17,806,811	18,688,415
Total Revenues & Transfers In	238,722,533	254,722,049	264,121,816	264,900,852
Use of Funds:				
Departments				
General Government				
<i>Mayor & City Council</i>	670,746	334,960	333,012	366,923
<i>City Clerk</i>	607,833	739,606	739,606	877,198
<i>Elections</i>	48,758	401,023	401,023	212,390
<i>City Attorney</i>	4,926,814	5,792,463	5,793,013	6,363,338
<i>City Attorney - Photo Enf Pilot Prog Loop 101</i>	-	-	31,835	44,709
<i>City Auditor</i>	620,576	739,892	739,892	747,386

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE GENERAL FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Use of Funds Continued:				
City Court	4,029,510	4,918,721	4,919,981	5,324,183
City Court - Photo Enf Pilot Prog Loop 101	-	-	50,843	48,581
City Manager	791,554	642,302	627,583	688,274
CAPA	1,202,772	1,587,874	1,599,369	1,695,683
IGR	701,143	1,225,863	1,225,863	1,177,233
WestWorld	2,220,983	2,595,675	2,598,899	3,158,698
The Downtown Group	3,881,144	4,220,341	4,408,541	4,746,119
Preservation	798,305	867,007	867,145	1,058,829
General Government Total	20,500,138	24,065,727	24,336,605	26,509,544
Police	58,362,250	67,403,408	66,787,408	77,244,280
Police - Photo Enf Pilot Prog Loop 101	-	-	2,202,322	1,906,710
Financial Services	8,114,179	8,564,191	8,546,191	9,593,542
Community Services	40,885,222	47,653,351	47,057,849	53,959,898
Information Systems	7,679,015	9,241,654	9,225,155	9,792,542
Fire	21,196,671	26,648,655	26,758,655	30,351,504
Municipal Services	954,363	596,263	596,263	618,063
Citizen & Neighborhood Resources	2,779,306	3,490,790	3,392,794	3,477,329
Human Resources	3,200,897	3,766,345	3,766,345	4,464,761
Economic Vitality	999,491	1,442,859	1,442,859	1,461,219
Economic Vitality - Bed Tax	5,756,904	6,617,544	6,617,544	-
Planning & Development	11,961,349	13,853,510	13,853,509	15,350,539
Estimated Department Expenditure Savings	-	(1,000,000)	(1,500,000)	(1,500,000)
Estimated Vacant Position Savings	-	(2,500,000)	(3,000,000)	(3,300,000)
Subtotal	182,389,785	209,844,297	210,083,499	229,929,931
Debt Service				
Contracts Payable	4,313,644	4,125,959	4,660,849	5,128,638
Certificates of Participation	33,000	1,417,790	917,790	917,790
Subtotal	4,346,644	5,543,749	5,578,639	6,046,428
Total Operating Budget	186,736,429	215,388,046	215,662,138	235,976,359
Transfers Out				
Capital Project Funds	17,118,168	33,402,900	33,404,700	45,389,700
MPC Excise Debt Fund	5,269,882	4,030,026	8,161,445	5,535,518
MPC - Hospitality Funds	-	299,940	-	-
Other Transfers	7,400,000	-	-	-
Transportation Fund	793,672	3,093,076	1,810,234	2,861,313
Self Insurance Fund	2,101,427	-	-	2,500,000
Fleet Fund - Decision Packages	959,250	-	1,343,900	-
Aviation Fund - Jet Fuel Tax	114,149	131,413	20,722	-
Special Programs Fund - Balance of Tourism Funds	-	-	2,378,765	-
Special Programs Fund	196,877	110,000	110,000	210,000
Total Transfers Out	33,953,426	41,067,355	47,229,766	56,496,531
Total Expenditures & Transfers Out	220,689,854	256,455,401	262,891,904	292,472,890
Ending Fund Balance				
General Fund Reserve	24,746,163	28,398,209	28,197,118	30,508,777
Public Safety Reserve	307,809	-	-	-
Photo Enf Pilot Prog Loop 101 Contingency	-	10,000,000	-	-
Tourism Reserve	566,728	1,500,025	-	-
Economic Investment	-	4,700,000	-	-
Operating Contingency	1,215,214	2,700,000	2,700,000	6,686,090
Unreserved Public Safety	(401,984)	-	-	-
Open Purchase Orders & Liabilities Reserve	4,400,000	5,000,000	5,000,000	5,000,000
Unreserved Fund Balance	37,893,527	5,217,123	34,060,251	190,464
Total Ending Fund Balance	68,727,456	57,515,357	69,957,369	42,385,331

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE GENERAL FUND FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance					
General Fund Reserve	28,197,118	30,508,777	31,974,870	33,447,037	34,821,203
Operating Contingency	6,686,090	2,500,000	2,500,000	2,500,000	2,500,000
Open Purchase Order & Liabilities Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unreserved Fund Balance	30,074,161	4,376,554	3,974,301	4,135,162	2,304,706
Total Beginning Fund Balance	69,957,369	42,385,331	43,449,171	45,082,199	44,625,909
Revenues					
Taxes - Local					
Privilege Tax	110,286,447	116,851,864	123,804,604	131,272,844	139,098,625
Privilege Tax - Public Safety	11,028,645	11,685,186	12,380,460	13,127,284	13,909,863
Property Tax	20,065,685	21,061,538	22,102,423	23,194,842	24,341,266
Transient Occupancy Tax	1,869,000	1,943,760	2,021,510	2,102,371	2,186,466
Light & Power Franchise	6,050,000	6,231,500	6,418,445	6,610,998	6,809,328
Cable TV Franchise	3,282,815	3,335,808	3,312,027	3,376,368	3,523,315
Salt River Project Lieu Tax	202,864	202,864	202,864	202,864	203,000
Stormwater Water Quality Charge	721,371	743,012	765,302	788,261	811,909
Taxes - From Other Agencies					
State Shared Sales Tax	20,630,000	21,867,800	23,179,868	24,570,660	26,044,900
State Revenue Sharing	20,848,490	21,890,914	23,505,460	21,721,260	22,807,323
Auto Lieu Tax	9,579,000	9,866,370	10,162,361	10,416,420	10,676,831
Licenses, Permits & Fees					
Building Permit Fees & Charges	17,000,000	16,500,000	16,500,000	16,000,000	16,000,000
Fire Service Charges	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Business Licenses & Fees	2,088,058	2,129,819	2,172,415	2,215,864	2,260,181
Recreation Fees	2,800,000	2,898,000	2,999,430	3,104,410	3,213,064
WestWorld	2,275,000	2,360,876	2,479,485	2,598,280	2,676,228
Fines & Forfeitures					
Court Fines	5,304,000	5,410,080	5,518,282	5,628,647	5,741,220
Parking Fines	306,000	312,120	318,362	324,730	331,224
Photo Enforcement Revenue	2,525,063	2,537,688	2,550,376	2,563,128	2,563,128
Photo Enforcement Pilot Program Loop 101	2,000,000	-	-	-	-
Library Fines & Fees	650,000	663,000	676,260	689,785	703,581
Interest Earnings/Property Rental					
Interest Earnings	2,300,000	2,400,000	2,500,000	2,500,000	2,500,000
Property Rental	3,100,000	3,162,000	3,225,240	3,225,240	3,225,240
Other Revenue					
Miscellaneous	300,000	300,000	300,000	300,000	300,000
Subtotal	246,212,437	255,354,200	268,095,176	277,534,256	290,926,692
Transfers In					
In Lieu Property Tax	2,883,046	3,070,444	3,270,022	3,482,574	3,656,703
Indirect/Direct Cost Allocation	10,207,678	10,323,756	10,441,695	10,561,549	10,772,780
Franchise Fees	5,597,691	5,816,001	6,042,825	6,278,495	6,466,850
Subtotal	18,688,415	19,210,201	19,754,543	20,322,618	20,896,333
Total Revenues & Transfers In	264,900,852	274,564,401	287,849,719	297,856,875	311,823,025
Use of Funds:					
Departments					
General Government					
Mayor & City Council	366,923	378,768	388,731	399,348	410,681
City Clerk	877,198	924,927	973,636	1,023,388	1,070,872
Elections	212,390	401,000	22,915	423,717	38,547
City Attorney	6,363,338	6,761,968	7,110,522	7,441,796	7,757,654
City Attorney - Photo Enf Pilot Prog Loop 101	44,709	-	-	-	-
City Auditor	747,386	792,706	831,113	868,746	907,586

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE GENERAL FUND FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Use of Funds Continued:					
City Court	5,324,183	5,654,507	5,928,572	6,202,108	6,479,199
City Court - Photo Enf Pilot Prog Loop 101	48,581	-	-	-	-
City Manager	688,274	715,165	743,541	773,195	802,602
CAPA	1,695,683	1,771,995	1,851,683	1,931,747	2,014,705
IGR	1,177,233	1,237,931	1,303,866	1,366,766	1,425,390
WestWorld	3,158,698	3,058,500	3,190,253	3,325,275	3,461,791
The Downtown Group	4,746,119	4,828,970	4,998,356	5,173,905	5,355,867
Preservation	1,058,829	1,110,645	1,153,537	1,198,275	1,245,210
General Government Total	26,509,544	27,637,082	28,496,725	30,128,268	30,970,104
Police	77,244,280	83,967,829	88,276,723	92,610,596	96,990,212
Police - Photo Enf Pilot Prog Loop 101	1,906,710	-	-	-	-
Financial Services	9,593,542	10,127,225	10,628,680	11,116,192	11,610,372
Community Services	53,959,898	56,547,133	59,254,863	62,008,204	64,834,325
Information Systems	9,792,542	10,228,435	10,683,958	11,145,949	11,600,922
Fire	30,351,504	32,182,207	33,686,032	35,167,057	36,690,152
Municipal Services	618,063	633,420	649,291	665,718	682,720
Citizen & Neighborhood Resources	3,477,329	3,666,992	3,856,275	4,040,175	4,220,445
Human Resources	4,464,761	4,684,248	4,886,202	5,091,666	5,296,660
Economic Vitality	1,461,219	1,530,699	1,600,936	1,672,048	1,739,221
Planning & Development	15,350,539	16,239,739	17,038,368	17,836,133	18,647,745
Estimated Department Expenditure Savings	(1,500,000)	(1,600,000)	(1,700,000)	(1,800,000)	(1,900,000)
Estimated Vacant Position Savings	(3,300,000)	(3,400,000)	(3,500,000)	(3,600,000)	(3,700,000)
Estimated CIP Operating Impacts	-	2,102,400	4,144,600	4,411,100	4,268,200
Subtotal	229,929,931	244,547,409	258,002,653	270,493,106	281,951,077
Debt Service					
Contracts Payable	5,128,638	5,246,687	5,387,844	5,567,165	5,457,199
Certificates of Participation	917,790	917,790	917,790	917,790	917,790
Subtotal	6,046,428	6,164,477	6,305,634	6,484,955	6,374,989
Total Operating Budget	235,976,359	250,711,886	264,308,286	276,978,060	288,326,066
Transfers Out					
Capital Project Funds	45,389,700	17,580,000	16,883,900	15,395,900	19,422,700
MPC Excise Debt Fund	5,535,518	5,098,674	4,914,504	5,829,205	5,822,602
Transportation Fund	2,861,313	-	-	-	-
Self Insurance Fund	2,500,000	-	-	-	-
Special Programs Fund	210,000	110,000	110,000	110,000	110,000
Total Transfers Out	56,496,531	22,788,674	21,908,404	21,335,105	25,355,302
Total Expenditures & Transfers Out	292,472,890	273,500,560	286,216,690	298,313,165	313,681,368
Ending Fund Balance					
General Fund Reserve	30,508,777	31,974,870	33,447,037	34,821,203	36,066,667
Operating Contingency	6,686,090	2,500,000	2,500,000	2,500,000	2,500,000
Open Purchase Orders & Liabilities Reserve	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unreserved Fund Balance ^(A)	190,464	3,974,301	4,135,162	2,304,706	(799,101)
Total Ending Fund Balance	42,385,331	43,449,171	45,082,199	44,625,909	42,767,566

^(A) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE TRANSPORTATION SPECIAL REVENUE FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
<u>Source of Funds:</u>				
Beginning Fund Balance	1,254,237	-	-	-
Revenues				
Highway User Revenue Tax	14,455,702	14,994,000	15,100,000	15,644,279
Transportation Privilege Tax (0.2%)	18,072,047	18,321,600	20,704,658	22,057,289
Local Transportation Assistance Fund	1,118,765	1,146,323	1,146,323	1,073,258
Proposition 400 Regional Sales Tax	-	-	-	282,160
Miscellaneous	168,272	-	-	-
Subtotal	33,814,786	34,461,923	36,950,981	39,056,986
Transfers In				
General Fund	793,672	3,093,076	1,810,234	2,861,313
Solid Waste - Alley Maintenance	-	271,340	271,340	290,551
Subtotal	793,672	3,364,416	2,081,574	3,151,864
Total Revenues & Transfers In	34,608,458	37,826,339	39,032,555	42,208,851
<u>Use of Funds:</u>				
Department/Division				
Transportation/Admin, Planning & Engineering	10,508,000	13,085,380	13,090,604	14,331,915
Municipal Services/Field Services	11,289,947	12,366,365	12,325,828	13,624,041
Subtotal	21,797,947	25,451,745	25,416,432	27,955,956
Debt Service				
Revenue Bonds	3,119,769	3,142,294	3,142,294	3,155,450
Subtotal	3,119,769	3,142,294	3,142,294	3,155,450
Total Operating Budget	24,917,716	28,594,039	28,558,726	31,111,406
Transfers Out				
CIP Fund - Privilege Tax Allocation ^(A)	10,843,228	9,160,800	10,352,329	11,028,645
CIP Fund - Tech. Replacement	74,900	71,500	71,500	68,800
General Fund - Security Contract	6,850	-	-	-
Fleet Fund - Vehicles	-	-	50,000	-
Total Transfers Out	10,944,980	9,232,300	10,473,829	11,097,445
Total Expenditures & Transfers Out	35,862,695	37,826,339	39,032,555	42,208,851
Total Ending Fund Balance ^(A)	-	-	-	-

^(A) Dedicated Transportation Privilege Tax revenue surplus (50%) over operating expenditures is transferred to the Capital Improvement Fund to fund Transportation Capital Projects.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE TRANSPORTATION SPECIAL REVENUE FUND FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance	-	-	-	-	-
Revenues					
Highway User Revenue Tax	15,644,279	16,113,607	16,597,016	17,094,926	17,607,774
Transportation Privilege Tax (0.2%)	22,057,289	23,370,373	24,760,921	26,254,569	27,819,725
Local Transportation Assistance Fund	1,073,258	1,073,258	1,073,258	1,073,258	1,073,258
Proposition 400 Regional Sales Tax	282,160	290,625	299,344	308,324	317,574
Subtotal	39,056,986	40,847,863	42,730,538	44,731,077	46,818,331
Transfers In					
General Fund	2,861,313	-	-	-	-
Solid Waste - Alley Maintenance	290,551	311,395	334,012	358,550	380,063
Subtotal	3,151,864	311,395	334,012	358,550	380,063
Total Revenues & Transfers In	42,208,851	41,159,258	43,064,550	45,089,627	47,198,394
Use of Funds:					
Department/Division					
Transportation/Admin, Planning & Engineering	14,331,915	14,909,786	15,477,944	15,976,081	16,488,498
Municipal Services/Field Services	13,624,041	14,127,030	14,684,143	15,257,887	15,852,101
Subtotal	27,955,956	29,036,815	30,162,087	31,233,968	32,340,599
Debt Service					
Revenue Bonds	3,155,450	-	-	-	-
Subtotal	3,155,450	-	-	-	-
Total Operating Budget	31,111,406	29,036,815	30,162,087	31,233,968	32,340,599
Transfers Out					
CIP Fund - Privilege Tax Allocation ^(A)	11,028,645	11,685,186	12,380,460	13,127,284	13,909,863
CIP Fund - Transit	-	368,456	453,202	659,574	879,132
CIP Fund - Tech. Replacement	68,800	68,800	68,800	68,800	68,800
Total Transfers Out	11,097,445	12,122,443	12,902,463	13,855,659	14,857,795
Total Expenditures & Transfers Out	42,208,851	41,159,258	43,064,550	45,089,627	47,198,394
Total Ending Fund Balance ^(A)	-	-	-	-	-

(A) Dedicated Transportation Privilege Tax revenue surplus (50%) over operating expenditures is transferred to the Capital Improvement Fund to fund Transportation Capital Projects.

Fund Summaries and Five-Year Plans

**CITY OF SCOTTSDALE
PRESERVATION PRIVILEGE TAX SPECIAL REVENUE FUNDS
FUND SUMMARY**

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
<u>Source of Funds:</u>				
Beginning Fund Balance				
Privilege Tax (0.20%)	14,622,336	8,481,205	10,144,842	10,311,467
Privilege Tax (0.15%)	-	9,222,284	11,734,312	23,954,206
Total Beginning Fund Balance	14,622,336	17,703,489	21,879,154	34,265,673
Revenues				
Privilege Tax (0.20%)	18,522,259	18,842,100	20,704,658	22,057,289
Privilege Tax (0.15%)	11,622,510	14,501,570	15,528,494	16,542,967
Interest Earnings	502,708	651,669	775,000	798,000
Subtotal	30,647,477	33,995,339	37,008,152	39,398,256
Total Revenues & Transfers In	30,647,477	33,995,339	37,008,152	39,398,256
<u>Use of Funds:</u>				
Debt Service				
Contractual Debt	955,115	951,765	951,765	952,290
Subtotal	955,115	951,765	951,765	952,290
Total Expenditures	955,115	951,765	951,765	952,290
Transfers Out				
Debt Service Fund (Preserve GO Bonds)	12,839,510	13,829,547	13,668,147	15,201,304
Debt Service Fund (Preserve Revenue Bonds)	7,014,125	6,812,721	6,812,721	6,808,896
CIP Fund (General Capital Projects)	2,581,909	17,850,000	3,189,000	2,110,000
Total Transfers Out	22,435,544	38,492,268	23,669,868	24,120,200
Total Expenditures & Transfers Out	23,390,659	39,444,033	24,621,633	25,072,490
Ending Fund Balance ^(A)				
Privilege Tax (0.20%)	10,144,842	6,785,272	10,311,467	11,311,411
Privilege Tax (0.15%)	11,734,312	5,469,523	23,954,206	37,280,029
Total Ending Fund Balance	21,879,154	12,254,795	34,265,673	48,591,439

^(A) Ending Fund Balance used to pay debt service on future Preserve bond issues, yet to be determined, and to provide a sufficient Preservation Debt Service Reserve.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE PRESERVATION PRIVILEGE TAX SPECIAL REVENUE FUNDS FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance					
Privilege Tax (0.20%)	10,311,467	11,311,411	16,183,160	22,698,533	31,130,049
Privilege Tax (0.15%)	23,954,206	37,280,029	53,822,389	70,007,361	89,832,468
Total Beginning Fund Balance	34,265,673	48,591,439	70,005,550	92,705,894	120,962,517
Revenues					
Privilege Tax (0.20%)	22,057,289	23,370,373	24,760,921	26,254,569	27,819,725
Privilege Tax (0.15%)	16,542,967	17,527,780	18,570,691	19,690,927	20,864,794
Interest Earnings	798,000	1,326,000	1,977,000	2,724,000	3,438,000
Subtotal	39,398,256	42,224,153	45,308,611	48,669,495	52,122,519
Total Revenues & Transfers In	39,398,256	42,224,153	45,308,611	48,669,495	52,122,519
Use of Funds:					
Debt Service					
Contractual Debt	952,290	955,780	952,480	951,855	954,175
Subtotal	952,290	955,780	952,480	951,855	954,175
Total Expenditures	952,290	955,780	952,480	951,855	954,175
Transfers Out					
Debt Service Fund (Preserve GO Bonds)	15,201,304	12,814,391	12,799,516	12,621,266	22,770,078
Debt Service Fund (Preserve Revenue Bonds)	6,808,896	6,789,871	6,768,271	6,739,751	6,707,095
CIP Fund (General Capital Projects)	2,110,000	250,000	2,088,000	100,000	300,000
Total Transfers Out	24,120,200	19,854,262	21,655,787	19,461,017	29,777,173
Total Expenditures & Transfers Out	25,072,490	20,810,042	22,608,267	20,412,872	30,731,348
Ending Fund Balance ^(A)					
Privilege Tax (0.20%)	11,311,411	16,183,160	22,698,533	31,130,049	40,026,257
Privilege Tax (0.15%)	37,280,029	53,822,389	70,007,361	89,832,468	102,327,431
Total Ending Fund Balance	48,591,439	70,005,550	92,705,894	120,962,517	142,353,688

(A) Ending Fund Balance used to pay debt service on future Preserve bond issues, yet to be determined, and to provide a sufficient Preservation Debt Service Reserve.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE SPECIAL PROGRAMS SPECIAL REVENUE FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance/Reserve				
Operating Contingency ^(A)	500,000	500,000	500,000	1,000,000
Reserved:				
Economic Vitality - Transient Occupancy Tax	-	-	-	2,378,765
Courts	1,675,753	1,431,633	1,541,994	2,427,848
Downtown Cultural/Community Arts	364,212	384,212	447,268	627,268
Human Resources - Cultural Diversity	6,887	4,482	9,958	5,957
Police	195,555	117,356	346,836	364,962
Community Services	2,177,812	1,536,596	3,887,631	2,664,091
Citizen & Neighborhood Resources	10,172	10,172	33,379	72,207
Planning & Development Services	10,836	10,836	22,585	30,785
Fire	-	-	150	150
Total Beginning Fund Balance	4,441,227	3,495,287	6,289,801	8,572,033
Revenues				
Economic Vitality - Transient Occupancy Tax	-	-	-	7,476,000
Courts	945,869	995,540	1,349,296	1,184,488
Downtown Cultural/Community Arts	83,056	680,000	680,000	85,000
Human Resources - Cultural Diversity	6,500	9,519	10,000	10,000
Police	685,297	941,167	789,545	686,680
Community Services	1,371,400	2,493,720	1,432,739	1,467,917
Community Services - Sinclair Lease	1,720,000	1,720,000	-	-
Citizen and Neighborhood Resources	33,933	15,172	54,000	25,000
Planning & Development Services	24,150	23,500	31,700	19,215
Fire	150	1,200	1,200	4,140
Subtotal	4,870,355	6,879,818	4,348,480	10,958,440
Transfers In				
General Fund - Misc. Comm. Svc.	196,877	100,000	100,000	100,000
General Fund - Neighborhood Revitalization	-	-	-	100,000
General Fund - Balance of Tourism Funds	-	-	2,378,765	-
CIP - Court Enhancement	60,015	-	-	-
General Fund - Preservation Rehab	-	10,000	10,000	10,000
Grants	46,572	-	-	-
Subtotal	303,464	110,000	2,488,765	210,000
Total Revenues & Transfers In	5,173,819	6,989,818	6,837,245	11,168,440

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE SPECIAL PROGRAMS SPECIAL REVENUE FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Use of Funds:				
Departments				
Economic Vitality - Transient Occupancy Tax	-	-	-	7,049,630
Courts	264,643	2,094,668	333,442	3,612,336
Downtown Cultural/Community Arts	-	970,000	500,000	712,268
Human Resources - Cultural Diversity	3,429	14,001	14,001	15,957
Police	534,017	941,167	521,779	877,442
Community Services	1,573,530	2,754,479	2,754,479	4,229,208
Preservation Rehab	-	10,000	10,000	110,000
Citizen and Neighborhood Resources	10,725	15,172	15,172	97,207
Planning & Development Services	12,401	23,500	23,500	50,000
Fire	-	1,200	1,200	4,290
Subtotal	2,398,744	6,824,187	4,173,573	16,758,338
Total Operating Budget	2,398,744	6,824,187	4,173,573	16,758,338
Transfers Out				
MPC Debt - Tourism Funds	-	-	-	744,867
Grant Match - Community Services	20,501	-	-	-
CIP Fund - Community Services	31,000	1,800	1,800	2,800
CIP Fund - Police (RICO)	-	136,100	249,640	174,200
CIP Fund (Court)	875,000	130,000	130,000	-
Subtotal	926,501	267,900	381,440	921,867
Total Expenditures & Transfers Out	3,325,245	7,092,087	4,555,013	17,680,205
Ending Fund Balance				
Operating Contingency ^(A)	500,000	500,000	500,000	1,000,000
Reserved:				
Economic Vitality - Transient Occupancy Tax	-	-	2,378,765	2,060,268
Courts	1,541,994	202,505	2,427,848	-
Downtown Cultural/Community Arts	447,268	94,212	627,268	-
Human Resources - Cultural Diversity	9,958	-	5,957	-
Police ^(B)	346,836	(18,744)	364,962	-
Community Services	3,887,631	1,374,037	2,664,091	-
Community Services - Sinclair Lease	-	1,720,000	-	-
Citizen & Neighborhood Resources	33,379	10,172	72,207	-
Planning & Development Services	22,585	10,836	30,785	-
Fire	150	-	150	-
Total Ending Fund Balance	6,289,801	3,393,018	8,572,033	2,060,268

^(A) The Operating Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is not included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.

^(B) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE
SPECIAL PROGRAMS SPECIAL REVENUE FUND
FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance/Reserve					
Operating Contingency ^(A)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserved:					
Economic Vitality - Transient Occupancy Tax	2,378,765	2,060,268	1,652,118	1,289,254	979,569
Courts	2,427,848	-	-	-	-
Downtown Cultural/Community Arts	627,268	-	-	-	-
Human Resources - Cultural Diversity	5,957	-	-	-	-
Police	364,962	-	-	-	-
Community Services	2,664,091	-	-	-	-
Citizen & Neighborhood Resources	72,207	-	-	-	-
Planning & Development Services	30,785	-	-	-	-
Fire	150	-	-	-	-
Total Beginning Fund Balance	8,572,033	2,060,268	1,652,118	1,289,254	979,569
Revenues					
Economic Vitality - Transient Occupancy Tax	7,476,000	7,775,040	8,086,042	8,409,483	8,745,863
Courts	1,184,488	1,150,244	1,214,889	1,267,606	1,300,000
Downtown Cultural/Community Arts	85,000	90,000	95,000	100,000	100,000
Human Resources - Cultural Diversity	10,000	10,000	10,000	10,000	10,000
Police	686,680	912,431	945,000	978,000	980,000
Community Services	1,467,917	4,473,000	4,637,000	4,780,000	4,860,000
Citizen and Neighborhood Resources	25,000	16,043	16,500	17,000	17,000
Planning & Development Services	19,215	51,750	53,500	55,000	55,000
Fire	4,140	1,200	1,200	1,200	1,200
Subtotal	10,958,440	14,479,708	15,059,131	15,618,289	16,069,063
Transfers In					
General Fund - Misc. Comm. Svc.	100,000	100,000	100,000	100,000	100,000
General Fund - Neighborhood Revitalization	100,000	-	-	-	-
General Fund - Preservation Rehab	10,000	10,000	10,000	10,000	10,000
Subtotal	210,000	110,000	110,000	110,000	110,000
Total Revenues & Transfers In	11,168,440	14,589,708	15,169,131	15,728,289	16,179,063

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE
SPECIAL PROGRAMS SPECIAL REVENUE FUND
FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Use of Funds:					
Departments					
Economic Vitality - Transient Occupancy Tax	7,049,630	7,296,367	7,551,740	7,816,051	8,089,613
Courts	3,612,336	1,000,244	1,214,889	1,267,606	1,300,000
Downtown Cultural/Community Arts	712,268	90,000	95,000	100,000	100,000
Human Resources - Cultural Diversity	15,957	10,000	10,000	10,000	10,000
Police	877,442	852,431	915,000	918,000	950,000
Community Services	4,229,208	4,570,200	4,734,200	4,877,200	4,957,200
Preservation Rehab	110,000	10,000	10,000	10,000	10,000
Citizen and Neighborhood Resources	97,207	16,043	16,500	17,000	17,000
Planning & Development Services	50,000	51,750	53,500	55,000	55,000
Fire	4,290	1,200	1,200	1,200	1,200
Subtotal	16,758,338	13,898,235	14,602,029	15,072,057	15,490,013
Total Operating Budget	16,758,338	13,898,235	14,602,029	15,072,057	15,490,013
Transfers Out					
MPC Debt - Tourism Funds	744,867	886,823	897,166	903,117	907,664
CIP Fund - Community Services	2,800	2,800	2,800	2,800	2,800
CIP Fund - Police (RICO)	174,200	60,000	30,000	60,000	30,000
CIP Fund (Court)	-	150,000	-	-	-
Subtotal	921,867	1,099,623	929,966	965,917	940,464
Total Expenditures & Transfers Out	17,680,205	14,997,858	15,531,995	16,037,974	16,430,477
Ending Fund Balance					
Operating Contingency ^(A)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Reserved:					
Economic Vitality - Transient Occupancy Tax	2,060,268	1,652,118	1,289,254	979,569	728,155
Total Ending Fund Balance	2,060,268	1,652,118	1,289,254	979,569	728,155

^(A) The Operating Contingency for the Special Programs Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is not included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE SPECIAL DISTRICT FUNDS FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance				
Streetlight Districts	891,409	841,409	841,409	841,409
Downtown Enhanced Municipal Services District ^(A)	115,922	34,422	34,422	-
Total Beginning Fund Balance	1,007,331	875,831	875,831	841,409
Revenues				
Streetlight Districts	500,000	550,000	550,000	600,000
Downtown Enhanced Municipal Services District	519,000	-	-	-
Subtotal	1,019,000	550,000	550,000	600,000
 Total Revenues	 1,019,000	 550,000	 550,000	 600,000
Use of Funds:				
Expenditures:				
Streetlight Districts	550,000	550,000	550,000	600,000
Downtown Enhanced Municipal Services District	600,500	40,000	34,422	-
Subtotal	1,150,500	590,000	584,422	600,000
 Total Expenditures	 1,150,500	 590,000	 584,422	 600,000
Ending Fund Balance				
Streetlight Districts	841,409	841,409	841,409	841,409
Downtown Enhanced Municipal Services District ^(B)	34,422	(5,578)	-	-
Total Ending Fund Balance	875,831	835,831	841,409	841,409

^(A) On May 17, 2005, the City Council voted not to establish an assessment for FY 2005/06 and removed the Enhanced Municipal Services District (EMSD) from the downtown area. Over the course of the 2005/06 fiscal year, the remaining balance of the EMSD was spent on downtown marketing.

^(B) Any forecasted negative fund balances may be addressed through reductions in expenditures, improvements in revenue forecasts and/or a combination of these actions.

Fund Summaries and Five-Year Plans

**CITY OF SCOTTSDALE
SPECIAL DISTRICT FUNDS
FIVE YEAR FINANCIAL FORECAST**

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
<u>Source of Funds:</u>					
Beginning Fund Balance					
Streetlight Districts	841,409	841,409	841,409	841,409	841,409
Total Beginning Fund Balance	841,409	841,409	841,409	841,409	841,409
Revenues					
Streetlight Districts	600,000	621,000	642,735	665,231	688,514
Subtotal	600,000	621,000	642,735	665,231	688,514
Total Revenues	600,000	621,000	642,735	665,231	688,514
<u>Use of Funds:</u>					
Expenditures					
Streetlight Districts	600,000	621,000	642,735	665,231	688,514
Subtotal	600,000	621,000	642,735	665,231	688,514
Total Expenditures	600,000	621,000	642,735	665,231	688,514
Ending Fund Balance					
Streetlight Districts	841,409	841,409	841,409	841,409	841,409
Total Ending Fund Balance	841,409	841,409	841,409	841,409	841,409

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE DEBT SERVICE FUNDS FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance				
G.O. Debt Service	3,227,374	7,296,162	5,109,145	8,271,165
MPC Excise Debt	64,903	344,903	307,223	5,587,318
Special Assessment Debt	1,175,952	1,166,357	378,332	380,507
Total Beginning Fund Balance	4,468,229	8,807,422	5,794,701	14,238,991
Revenues				
Property Tax (Secondary)	26,531,710	28,400,855	28,400,855	28,711,975
Special Assessments	2,012,710	1,124,622	1,124,622	1,084,884
Refund MPC Debt Service Charges	801,198	-	-	-
MCSD Contributions	261,626	148,500	87,775	84,040
AZSTA Contributions	45,597	301,500	175,575	168,104
Spring Exhibition Surcharge	-	140,000	280,155	140,000
Bond Premium	3,078,124	-	-	-
Proceeds of Refunding Bonds	(3,337,872)	-	-	-
Subtotal	29,393,092	30,115,477	30,068,982	30,189,003
Transfers In				
Preservation Privilege Tax Fund - GO Bonds	12,824,965	13,829,547	13,668,147	15,201,304
Preservation Privilege Tax Fund - Rev Bonds	7,014,125	6,812,721	6,812,721	6,808,896
General Fund - MPC Bonds	5,269,882	4,030,026	8,161,445 ^(A)	5,535,518
General Fund - MPC Bonds/Hosp Funds	-	299,940	299,940	-
Special Prog Fund - MPC Bonds/Hosp Funds	-	-	-	744,867
Subtotal	25,108,972	24,972,234	28,942,253	28,290,585
Total Revenues & Transfers In	54,502,065	55,087,711	59,011,235	58,479,588
Use of Funds:				
Debt Service by Type				
General Obligation Bonds	22,790,190	28,400,855	25,238,835	30,997,250
Preserve G. O. Bonds	14,424,965	13,829,547	13,668,147	15,201,304
Special Assessment Bonds	2,768,528	1,104,384	1,104,384	1,066,703
Special Assessment - Series 104	41,802	20,238	18,063	18,181
Preserve Revenue Bonds (SPA)	7,014,125	6,812,721	6,812,721	6,808,896
MPC Bonds	6,135,983	4,779,966	3,724,795	5,932,529
Subtotal	53,175,593	54,947,711	50,566,945	60,024,863
Total Operating Budget	53,175,593	54,947,711	50,566,945	60,024,863
Total Expenditures & Transfers Out	53,175,593	54,947,711	50,566,945	60,024,863
Ending Fund Balance				
G.O. Debt Service	5,109,145	7,296,162	8,271,165	5,985,890
MPC Excise Debt	307,223	484,903	5,587,318 ^(A)	6,327,318
Special Assessment Debt	378,332	1,166,357	380,507	380,507
Total Ending Fund Balance	5,794,701	8,947,422	14,238,991	12,693,716

^(A) Economic Investment funds transferred to Debt Service Fund to provide sufficient Excise Tax Debt Service Reserve.

Fund Summaries and Five-Year Plans

**CITY OF SCOTTSDALE
DEBT SERVICE FUNDS
FIVE YEAR FINANCIAL FORECAST**

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance					
G.O. Debt Service	8,271,165	5,985,890	5,035,890	4,535,890	4,535,890
MPC Excise Debt	5,587,318	6,327,318	6,467,318	6,607,318	6,747,318
Special Assessment Debt	380,507	380,507	380,507	380,507	380,507
Total Beginning Fund Balance	14,238,991	12,693,716	11,883,716	11,523,716	11,663,716
Revenues					
Property Tax (Secondary)	28,711,975	34,232,999	37,212,486	40,285,996	38,961,136
Special Assessments	1,084,884	1,045,301	1,006,218	882,686	835,375
MCSD Contributions	84,040	159,032	97,372	204,028	112,370
AZSTA Contributions	168,104	318,112	194,772	408,116	224,774
Spring Exhibition Surcharge	140,000	140,000	140,000	140,000	140,000
Subtotal	30,189,003	35,895,444	38,650,848	41,920,826	40,273,655
Transfers In					
Preservation Privilege Tax Fund - GO Bonds	15,201,304	12,814,391	12,799,516	12,621,266	22,770,078
Preservation Privilege Tax Fund - Rev Bonds	6,808,896	6,789,871	6,768,271	6,739,751	6,707,095
General Fund - MPC Bonds	5,535,518	5,098,674	4,914,504	5,829,205	5,822,602
Special Prog Fund - MPC Bonds/Hosp Funds	744,867	886,823	897,166	903,117	907,664
Subtotal	28,290,585	25,589,759	25,379,457	26,093,339	36,207,439
Total Revenues & Transfers In	58,479,588	61,485,203	64,030,305	68,014,165	76,481,094
Use of Funds:					
Debt Service by Type					
General Obligation Bonds	30,997,250	35,182,999	37,712,486	40,285,996	38,961,136
Preserve G. O. Bonds	15,201,304	12,814,391	12,799,516	12,621,266	22,770,078
Special Assessment Bonds	1,066,703	1,028,522	990,841	869,125	835,375
Special Assessment - Series 104	18,181	16,779	15,377	13,561	-
Preserve Revenue Bonds (SPA)	6,808,896	6,789,871	6,768,271	6,739,751	6,707,095
MPC Bonds	5,932,529	6,462,641	6,103,814	7,344,466	7,067,410
Subtotal	60,024,863	62,295,203	64,390,305	67,874,165	76,341,094
Total Operating Budget	60,024,863	62,295,203	64,390,305	67,874,165	76,341,094
Total Expenditures & Transfers Out	60,024,863	62,295,203	64,390,305	67,874,165	76,341,094
Ending Fund Balance					
G.O. Debt Service	5,985,890	5,035,890	4,535,890	4,535,890	4,535,890
MPC Excise Debt	6,327,318	6,467,318	6,607,318	6,747,318	6,887,318
Special Assessment Debt	380,507	380,507	380,507	380,507	380,507
Total Ending Fund Balance	12,693,716	11,883,716	11,523,716	11,663,716	11,803,716

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE WATER AND SEWER ENTERPRISE FUNDS FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance				
Operating Reserve	17,297,604	13,538,156	19,140,225	14,868,343
Repair/Replacement Reserve	16,258,312	18,296,283	18,296,283	19,974,774
Special Contractual Funds	(244,598)	1,237,005	1,282,361	2,202,235
Unreserved Fund Balance	3,773,395	-	-	-
Total Beginning Fund Balance	37,084,713	33,071,444	38,718,869	37,045,352
Revenues				
Water Charges	70,597,941	75,052,750	75,585,533	79,771,323
Sewer Charges	26,800,448	28,300,594	27,210,546	30,374,867
Effluent Sales	406,710	580,635	580,635	600,957
Interest Earnings	1,204,716	1,139,040	1,247,744	1,489,007
Miscellaneous Revenue	1,690,551	2,083,949	2,083,949	2,251,244
Subtotal	100,700,367	107,156,968	106,708,407	114,487,398
Transfers In				
Contractual Reimbursements	1,539,293	-	-	-
CIP - Development Fees	10,150,925	6,887,691	6,887,692	6,823,541
Subtotal	11,690,217	6,887,691	6,887,692	6,823,541
Total Revenues & Transfers In	112,390,584	114,044,659	113,596,099	121,310,939
Use of Funds:				
Departments				
Financial Services	2,436,841	2,377,368	2,362,868	2,560,495
Water Resources	42,971,242	46,354,006	46,312,048	54,790,128
Subtotal	45,408,083	48,731,374	48,674,916	57,350,623
Debt Service				
General Obligation Bonds	1,344,252	6,857,065	6,857,065	-
Revenue Bonds	6,203,025	6,514,632	6,514,632	6,474,638
MPC Bonds	8,324,388	9,761,250	10,813,417	12,656,100
Subtotal	15,871,665	23,132,947	24,185,114	19,130,738
Total Operating Budget	61,279,748	71,864,321	72,860,030	76,481,361
Transfers Out				
In Lieu Property Tax	2,437,440	2,571,794	2,571,794	2,805,691
Indirect Cost Allocation	6,297,799	7,197,946	7,197,945	7,411,492
Franchise Fee	4,971,037	5,258,221	5,208,338	5,597,691
CIP Fund (General Capital Projects)	127,400	1,386,300	1,386,300	1,462,300
General Fund & Fleet Fund	389,132	-	131,500	-
CIP Fund ^(A)	34,764,525	20,753,821	25,483,479	22,560,118
IWDS	489,347	-	-	-
Aviation Fund	-	430,230	430,230	-
Total Transfers Out	49,476,680	37,598,311	42,409,586	39,837,292
Total Expenditures & Transfers Out	110,756,428	109,462,632	115,269,616	116,318,653
Ending Fund Balance				
Operating Reserve	19,140,225	14,782,298	14,868,343	16,735,248
Repair/Replacement Reserve	18,296,283	21,154,698	19,974,774	22,964,437
Special Contractual Fund Balance	1,282,361	1,716,475	2,202,235	2,337,953
Total Ending Fund Balance	38,718,869	37,653,471	37,045,352	42,037,638

^(A) Revenues and Transfer surplus over operating expenditures transferred to Capital Improvement Fund to fund Water and Sewer capital projects.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE WATER AND SEWER ENTERPRISE FUNDS FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance					
Operating Reserve	14,868,343	16,735,248	17,646,571	18,754,015	19,836,878
Repair/Replacement Reserve	19,974,774	22,964,437	25,554,564	27,909,801	29,325,962
Special Contractual Funds	2,202,235	2,337,953	2,850,076	3,366,170	3,883,274
Total Beginning Fund Balance	37,045,352	42,037,638	46,051,211	50,029,986	53,046,114
Revenues					
Water Charges	79,771,323	85,404,614	90,977,054	95,522,184	98,837,564
Sewer Charges	30,374,867	32,596,606	34,973,942	36,809,374	38,733,474
Effluent Sales	600,957	621,990	643,760	666,292	692,944
Interest Earnings	1,489,007	1,931,664	2,084,184	2,527,022	2,686,407
Miscellaneous Revenue	2,251,244	2,192,993	2,240,988	2,290,056	2,340,232
Subtotal	114,487,398	122,747,867	130,919,928	137,814,928	143,290,620
Transfers In					
CIP - Development Fees	6,823,541	6,766,258	6,328,033	6,314,691	6,278,718
Subtotal	6,823,541	6,766,258	6,328,033	6,314,691	6,278,718
Total Revenues & Transfers In	121,310,939	129,514,125	137,247,961	144,129,619	149,569,338
Use of Funds:					
Departments					
Financial Services	2,560,495	2,675,936	2,786,283	2,891,720	2,992,931
Water Resources	54,790,128	58,057,552	61,926,915	65,878,589	67,556,320
Subtotal	57,350,623	60,733,488	64,713,198	68,770,309	70,549,251
Debt Service					
Revenue Bonds	6,474,638	6,439,537	6,386,400	5,682,575	5,638,000
MPC Bonds	12,656,100	15,962,683	17,930,950	19,903,426	19,834,426
Subtotal	19,130,738	22,402,220	24,317,350	25,586,001	25,472,426
Total Operating Budget	76,481,361	83,135,708	89,030,548	94,356,310	96,021,677
Transfers Out					
In Lieu Property Tax	2,805,691	2,797,994	3,247,771	3,502,349	3,771,304
Indirect Cost Allocation	7,411,492	7,485,607	7,560,463	7,636,068	7,712,429
Franchise Fee	5,597,691	5,970,215	6,370,741	6,693,683	6,961,084
CIP Fund (General Capital Projects)	1,462,300	495,200	367,200	465,000	594,800
CIP Fund ^(A)	22,560,118	25,613,039	26,692,464	28,460,081	32,813,570
Total Transfers Out	39,837,292	42,362,056	44,238,639	46,757,181	51,853,186
Total Expenditures & Transfers Out	116,318,653	125,497,763	133,269,187	141,113,490	147,874,863
Ending Fund Balance					
Operating Reserve	16,735,248	17,646,571	18,754,015	19,836,878	20,383,280
Repair/Replacement Reserve	22,964,437	25,554,564	27,909,801	29,325,962	29,964,069
Special Contractual Fund Balance	2,337,953	2,850,076	3,366,170	3,883,274	4,393,241
Total Ending Fund Balance	42,037,638	46,051,211	50,029,986	53,046,114	54,740,590

^(A) Revenues and Transfer surplus over operating expenditures transferred to Capital Improvement Fund to fund Water and Sewer capital projects.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE SOLID WASTE ENTERPRISE FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance				
Operating Reserve	3,332,216	3,765,349	3,802,480	4,028,278
Unreserved	923,745	1,546,927	1,638,360	127,320
Total Beginning Fund Balance	4,255,961	5,312,276	5,440,840	4,155,598
Revenues				
Refuse Collection Charges	16,916,549	17,053,666	17,053,666	18,006,095
Interest Earnings	127,818	64,550	140,000	52,581
Subtotal	17,044,367	17,118,216	17,193,666	18,058,676
Total Revenues & Transfers In	17,044,367	17,118,216	17,193,666	18,058,676
Use of Funds:				
Departments				
Financial Services	577,950	631,598	631,598	663,252
Municipal Services	12,553,645	13,606,772	13,271,772	14,529,177
Subtotal	13,131,595	14,238,370	13,903,370	15,192,429
Debt Service				
MPC Bonds - Transfer Station	107,319	1,489,000	1,489,000	-
Subtotal	107,319	1,489,000	1,489,000	-
Total Operating Budget	13,238,914	15,727,370	15,392,370	15,192,429
Transfers Out				
Indirect Cost Allocation	1,877,086	2,065,476	2,065,476	2,204,100
General Fund - Downtown Pilot Prog	371,948	-	-	-
Self Insurance Fund	5,079	-	-	-
Transp Fund - Alley Maintenance	-	271,340	271,340	290,551
Fleet Fund - Additional Vehicles	70,000	-	335,000	-
CIP Fund (Solid Waste Capital Projects)	261,000	318,000	318,000	441,900
CIP Fund (General Capital Projects)	18,997	80,900	80,900	20,300
In Lieu Property Tax	16,464	15,822	15,822	15,177
Total Transfers Out	2,620,574	2,751,538	3,086,538	2,972,028
Total Expenditures & Transfers Out	15,859,488	18,478,908	18,478,908	18,164,457
Ending Fund Balance				
Operating Reserve	3,802,480	3,951,584	4,028,278	4,049,818
Unreserved	1,638,360	-	127,320	-
Total Ending Fund Balance	5,440,840	3,951,584	4,155,598	4,049,818

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE
SOLID WASTE ENTERPRISE FUND
FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance					
Operating Reserve	4,028,278	4,049,818	4,133,663	4,024,743	3,339,439
Unreserved	127,320	-	-	-	-
Total Beginning Fund Balance	4,155,598	4,049,818	4,133,663	4,024,743	3,339,439
Revenues					
Refuse Collection Charges	18,006,095	18,702,940	19,435,404	20,183,648	20,966,448
Interest Earnings	52,581	51,477	56,316	80,410	60,149
Subtotal	18,058,676	18,754,417	19,491,720	20,264,058	21,026,597
Total Revenues & Transfers In	18,058,676	18,754,417	19,491,720	20,264,058	21,026,597
Use of Funds:					
Departments					
Financial Services	663,252	686,466	710,492	735,359	761,097
Municipal Services	14,529,177	15,212,576	15,886,341	16,579,288	17,294,458
Subtotal	15,192,429	15,899,042	16,596,833	17,314,648	18,055,554
Total Operating Budget	15,192,429	15,899,042	16,596,833	17,314,648	18,055,554
Transfers Out					
Indirect Cost Allocation	2,204,100	2,226,141	2,248,402	2,270,886	2,293,595
Transp Fund - Alley Maintenance	290,551	311,395	334,012	358,550	380,063
Fleet Fund - Additional Vehicles	-	199,619	-	369,777	-
CIP Fund (Solid Waste Capital Projects)	441,900	-	360,000	600,000	-
CIP Fund (General Capital Projects)	20,300	20,300	45,300	20,300	20,300
In Lieu Property Tax	15,177	14,075	16,093	15,201	15,188
Total Transfers Out	2,972,028	2,771,530	3,003,807	3,634,714	2,709,146
Total Expenditures & Transfers Out	18,164,457	18,670,571	19,600,640	20,949,362	20,764,701
Ending Fund Balance					
Operating Reserve	4,049,818	4,133,663	4,024,743	3,339,439	3,601,336
Total Ending Fund Balance	4,049,818	4,133,663	4,024,743	3,339,439	3,601,336

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE AVIATION ENTERPRISE FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
<u>Source of Funds:</u>				
Beginning Fund Balance				
Operating Reserve	458,532	510,911	510,911	565,294
Repair and Replacement Reserve	171,636	561,018	1,155,179	2,251,680
Unreserved - Operating	490,314	-	-	-
Total Beginning Fund Balance	1,120,482	1,071,929	1,666,090	3,223,922
Revenues				
Aviation Fees	3,009,957	3,074,520	3,258,387	3,274,679
Interest Earnings	25,060	26,511	60,371	84,465
Jet Fuel Tax	-	-	92,373	113,660
Federal & State Aid	9,997	-	-	-
Subtotal	3,045,014	3,101,031	3,411,131	3,472,804
Transfers In				
General Fund Transfer - Jet Fuel Tax	114,149	131,413	20,722	-
CIP Airport Fund	131,528	-	-	-
Water Fund	-	430,230	430,230	-
Subtotal	245,676	561,643	450,952	-
Total Revenues & Transfers In	3,290,690	3,662,674	3,862,083	3,472,804
<u>Use of Funds:</u>				
Departments				
Transportation	1,355,841	1,563,624	1,563,624	1,720,250
Subtotal	1,355,841	1,563,624	1,563,624	1,720,250
Total Operating Budget	1,355,841	1,563,624	1,563,624	1,720,250
Transfers Out				
In Lieu Property Tax	63,405	62,808	62,808	62,178
Indirect/Direct Cost Allocation	266,890	296,653	296,653	242,049
Direct Cost Allocation (Fire)	263,881	338,092	338,092	350,037
Self Insurance Fund	2,885	-	-	-
CIP Fund (General Capital Projects)	162,680	10,100	10,100	20,100
CIP Fund (Aviation Capital Proj Fund)	629,500	1,387,900	32,974	1,810,600
Total Transfers Out	1,389,241	2,095,553	740,627	2,484,964
Total Expenditures & Transfers Out	2,745,082	3,659,177	2,304,251	4,205,214
Ending Fund Balance				
Operating Reserve	487,504	565,294	565,294	593,629
Repair and Replacement Reserve	1,178,586	510,132	2,251,680	1,897,883
Unreserved	-	-	406,948	-
Total Ending Fund Balance	1,666,090	1,075,426	3,223,922	2,491,512

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE AVIATION ENTERPRISE FUND FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance					
Operating Reserve	565,294	593,629	616,101	639,815	664,593
Repair and Replacement Reserve	2,251,680	1,897,883	2,645,933	3,271,387	3,769,829
Total Beginning Fund Balance	3,223,922	2,491,512	3,262,034	3,911,202	4,434,422
Revenues					
Aviation Fees	3,274,679	3,282,866	3,291,073	3,299,301	3,307,549
Interest Earnings	84,465	98,883	123,227	163,474	189,998
Jet Fuel Tax	113,660	113,944	114,229	114,515	114,801
Subtotal	3,472,804	3,495,693	3,528,529	3,577,290	3,612,348
Total Revenues & Transfers In	3,472,804	3,495,693	3,528,529	3,577,290	3,612,348
Use of Funds:					
Departments					
Transportation	1,720,250	1,790,556	1,864,359	1,941,683	2,021,914
Subtotal	1,720,250	1,790,556	1,864,359	1,941,683	2,021,914
Total Operating Budget	1,720,250	1,790,556	1,864,359	1,941,683	2,021,914
Transfers Out					
In Lieu Property Tax	62,178	57,606	62,072	62,092	61,976
Indirect/Direct Cost Allocation	242,049	244,469	246,914	249,383	251,877
Direct Cost Allocation (Fire)	350,037	367,539	385,916	405,212	425,472
CIP Fund (General Capital Projects)	20,100	10,600	10,600	25,600	21,600
CIP Fund (Aviation Capital Proj Fund)	1,810,600	254,400	309,500	370,100	-
Total Transfers Out	2,484,964	934,614	1,015,002	1,112,387	760,925
Total Expenditures & Transfers Out	4,205,214	2,725,171	2,879,361	3,054,070	2,782,839
Ending Fund Balance					
Operating Reserve	593,629	616,101	639,815	664,593	690,310
Repair and Replacement Reserve	1,897,883	2,645,933	3,271,387	3,769,829	4,151,760
Unreserved	-	-	-	-	421,861
Total Ending Fund Balance	2,491,512	3,262,034	3,911,202	4,434,422	5,263,931

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE FLEET MANAGEMENT INTERNAL SERVICE FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
<u>Source of Funds:</u>				
Beginning Fund Balance/Reserve	11,417,470	9,598,234	11,835,968	10,314,275
Revenues				
Vehicle Acquisition Rates	4,822,920	4,309,359	4,309,359	4,991,745
Maintenance & Operation Rates	6,605,447	7,775,000	7,775,000	9,248,203
Miscellaneous Revenue	134,772	177,650	225,000	235,000
Street Sweeper Reimbursement	258,257	-	-	-
Interest	269,454	388,061	288,061	384,304
Subtotal	12,090,850	12,650,070	12,597,420	14,859,252
Transfers In				
Fleet Purchases - Decision Packages	1,272,750	-	1,860,400	-
Subtotal	1,272,750	-	1,860,400	-
Total Revenues & Transfers In	13,363,600	12,650,070	14,457,820	14,859,252
<u>Use of Funds:</u>				
Departments				
Municipal Services				
Vehicle Acquisition	2,829,329	3,408,750	7,069,150	5,912,570
Fleet Operations	7,776,732	8,429,683	8,684,063	10,035,211
Subtotal	10,606,062	11,838,433	15,753,213	15,947,781
Total Operating Budget	10,606,062	11,838,433	15,753,213	15,947,781
Transfers Out				
CIP Fund - General Capital Projects	27,200	25,800	25,800	27,200
CIP Fund - Radio Replacement	747,400	-	-	-
CIP Fund - Fleet Projects	1,564,440	200,500	200,500	140,000
Subtotal	2,339,040	226,300	226,300	167,200
Total Expenditures & Transfers Out	12,945,102	12,064,733	15,979,513	16,114,981
Total Ending Fund Balance	11,835,968	10,183,571	10,314,275	9,058,546

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE FLEET MANAGEMENT INTERNAL SERVICE FUND FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
<u>Source of Funds:</u>					
Beginning Fund Balance/Reserve	10,314,275	9,058,546	6,406,724	4,474,404	5,112,724
Revenues					
Vehicle Acquisition Rates	4,991,745	5,241,331	5,503,398	5,778,569	6,067,497
Maintenance & Operation Rates	9,248,203	9,664,372	10,099,269	10,553,736	10,975,885
Miscellaneous Revenue	235,000	170,438	275,900	378,825	236,700
Interest	384,304	352,919	287,676	233,876	257,401
Subtotal	14,859,252	15,429,060	16,166,243	16,945,006	17,537,483
Transfers In					
Solid Waste	-	199,619	-	369,777	-
Subtotal	-	199,619	-	369,777	-
Total Revenues & Transfers In	14,859,252	15,628,679	16,166,243	17,314,783	17,537,483
<u>Use of Funds:</u>					
Departments					
Municipal Services					
Vehicle Acquisition	5,912,570	5,862,119	7,576,500	5,826,277	7,422,750
Fleet Operations	10,035,211	10,564,182	10,494,863	10,822,986	11,069,165
Subtotal	15,947,781	16,426,301	18,071,363	16,649,263	18,491,915
Total Operating Budget	15,947,781	16,426,301	18,071,363	16,649,263	18,491,915
Transfers Out					
CIP Fund - General Capital Projects	27,200	27,200	27,200	27,200	27,200
CIP Fund - Fleet Projects	140,000	1,827,000	-	-	-
Subtotal	167,200	1,854,200	27,200	27,200	27,200
Total Expenditures & Transfers Out	16,114,981	18,280,501	18,098,563	16,676,463	18,519,115
Total Ending Fund Balance	9,058,546	6,406,724	4,474,404	5,112,724	4,131,092

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE SELF INSURANCE INTERNAL SERVICE FUNDS FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance/Reserve				
Property Casualty Claim Reserve	12,876,799	14,067,972	14,159,132	11,830,290
Short-Term Disability Reserve	69,385	139,385	157,725	167,725
Group Health Care Claims Reserve	6,783,125	7,096,691	6,266,145	4,612,805
Total Beginning Fund Balance	19,729,309	21,304,048	20,583,002	16,610,820
Revenues				
Property Casualty Rates	4,955,571	4,615,000	4,665,000	6,193,250
Short Term Disability Rates	192,751	140,000	140,000	140,000
Group Health Care Rates	14,134,786	16,104,434	16,746,660	22,270,860
Property Tax (Tort Claims)	390,256	700,500	700,500	-
Subtotal	19,673,364	21,559,934	22,252,160	28,604,110
Transfers In				
General Fund	2,144,882	-	-	2,500,000
Total Revenues & Transfers In	21,818,246	21,559,934	22,252,160	31,104,110
Use of Funds:				
Departments				
Financial Services-Operating	2,558,425	2,457,896	957,896	1,126,035
Financial Services-Excess Insurance Premiums	-	-	1,500,000	1,700,000
Financial Services-Property/Liability Claims	3,638,751	2,840,413	5,226,046	3,600,000
Financial Services-Group Health Claims	14,651,766	16,674,003	18,400,000	21,898,594
Short Term Disability Claims	104,412	130,000	130,000	130,000
Subtotal	20,953,353	22,102,312	26,213,942	28,454,629
Total Operating Budget	20,953,353	22,102,312	26,213,942	28,454,629
Transfers Out				
CIP Fund (General Capital Projects)	11,200	10,400	10,400	8,700
Subtotal	11,200	10,400	10,400	8,700
Total Expenditures & Transfers Out	20,964,553	22,112,712	26,224,342	28,463,329
Ending Fund Balance				
Property Casualty Claim Reserve	14,159,132	14,074,763	11,830,290	14,088,805
Short-Term Disability Reserve	157,725	149,385	167,725	177,725
Group Health Care Claims Reserve	6,266,145	6,527,122	4,612,805	4,985,071
Total Ending Fund Balance	20,583,002	20,751,270	16,610,820	19,251,601

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE SELF INSURANCE INTERNAL SERVICE FUNDS FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance/Reserve					
Property Casualty Claim Reserve	11,830,290	14,088,805	14,874,822	15,641,271	16,361,152
Short-Term Disability Reserve	167,725	177,725	177,725	177,725	177,725
Group Health Care Claims Reserve	4,612,805	4,985,071	4,901,989	4,813,534	4,725,420
Total Beginning Fund Balance	16,610,820	19,251,601	19,954,536	20,632,530	21,264,297
Revenues					
Property Casualty Rates	6,193,250	6,543,163	6,914,036	7,307,125	7,723,763
Short Term Disability Rates	140,000	140,000	140,000	140,000	140,000
Group Health Care Rates	22,270,860	24,181,843	26,192,434	29,028,005	31,940,101
Property Tax (Tort Claims)	-	1,000,000	1,000,000	1,000,000	1,000,000
Subtotal	28,604,110	31,865,006	34,246,470	37,475,130	40,803,864
Transfers In					
General Fund	2,500,000	-	-	-	-
Total Revenues & Transfers In	31,104,110	31,865,006	34,246,470	37,475,130	40,803,864
Use of Funds:					
Departments					
Financial Services-Operating	1,126,035	1,165,446	1,206,237	1,248,455	1,292,151
Financial Services-Excess Insurance Premiums	1,700,000	1,830,000	1,992,000	2,153,000	2,313,000
Financial Services-Property/Liability Claims	3,600,000	3,753,000	3,940,650	4,177,089	4,427,714
Financial Services-Group Health Claims	21,898,594	24,264,925	26,280,889	29,116,119	32,023,595
Short Term Disability Claims	130,000	140,000	140,000	140,000	140,000
Subtotal	28,454,629	31,153,371	33,559,776	36,834,663	40,196,460
Total Operating Budget	28,454,629	31,153,371	33,559,776	36,834,663	40,196,460
Transfers Out					
CIP Fund (General Capital Projects)	8,700	8,700	8,700	8,700	8,700
Subtotal	8,700	8,700	8,700	8,700	8,700
Total Expenditures & Transfers Out	28,463,329	31,162,071	33,568,476	36,843,363	40,205,160
Ending Fund Balance					
Property Casualty Claim Reserve	14,088,805	14,874,822	15,641,271	16,361,152	17,043,350
Short-Term Disability Reserve	177,725	177,725	177,725	177,725	177,725
Group Health Care Claims Reserve	4,985,071	4,901,989	4,813,534	4,725,420	4,641,926
Total Ending Fund Balance	19,251,601	19,954,536	20,632,530	21,264,297	21,863,001

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE TRUST AND AGENCY FUND FUND SUMMARY

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
<u>Source of Funds:</u>				
Beginning Fund Balance				
Operating Contingency ^(A)	250,000	250,000	250,000	10,000
Mayor's Committee for Employment of the Handicapped	6,081	1,081	4,481	4,481
Scottsdale Memorial Hospital Redevelopment	363,503	18,677	18,111	-
Total Beginning Fund Balance	369,584	19,758	22,592	4,481
Revenues				
Mayor's Committee for Employment of the Handicapped	4,400	10,000	10,000	15,000
Scottsdale Memorial Hospital Redevelopment	127,625	-	-	-
Subtotal	132,025	10,000	10,000	15,000
Total Revenues	132,025	10,000	10,000	15,000
<u>Use of Funds:</u>				
Expenditures				
Mayor's Committee for Employment of the Handicapped	6,000	10,000	10,000	15,000
Scottsdale Memorial Hospital Redevelopment	473,017	18,677	18,111	-
Subtotal	479,017	28,677	28,111	15,000
Total Expenditures	479,017	28,677	28,111	15,000
Ending Fund Balance				
Operating Contingency ^(A)	250,000	250,000	250,000	10,000
Mayor's Committee for Employment of the Handicapped	4,481	1,081	4,481	4,481
Scottsdale Memorial Hospital Redevelopment	18,111	-	-	-
Total Ending Fund Balance	22,592	1,081	4,481	4,481

^(A) The Operating Contingency for the Trust Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is not included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.

Fund Summaries and Five-Year Plans

CITY OF SCOTTSDALE
TRUST AND AGENCY FUND
FIVE YEAR FINANCIAL FORECAST

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
<u>Source of Funds:</u>					
Beginning Fund Balance					
Operating Contingency ^(A)	10,000	10,000	10,000	10,000	10,000
Mayor's Committee for Employment of the Handicapped	4,481	4,481	4,481	4,481	4,481
Total Beginning Fund Balance	4,481	4,481	4,481	4,481	4,481
Revenues					
Mayor's Committee for Employment of the Handicapped	15,000	10,000	10,000	10,000	10,000
Subtotal	15,000	10,000	10,000	10,000	10,000
Total Revenues	15,000	10,000	10,000	10,000	10,000
<u>Use of Funds:</u>					
Expenditures					
Mayor's Committee for Employment of the Handicapped	15,000	10,000	10,000	10,000	10,000
Subtotal	15,000	10,000	10,000	10,000	10,000
Total Expenditures	15,000	10,000	10,000	10,000	10,000
Ending Fund Balance					
Operating Contingency ^(A)	10,000	10,000	10,000	10,000	10,000
Mayor's Committee for Employment of the Handicapped	4,481	4,481	4,481	4,481	4,481
Total Ending Fund Balance	4,481	4,481	4,481	4,481	4,481

^(A) The Operating Contingency for the Trust Fund is an unfunded contingency that allows for the expenditure of unanticipated revenues and is not included in the beginning or ending fund balance. City Council approval is required before making expenditures from unanticipated revenues.

Fund Summaries and Five-Year Plans

**Adopted Fiscal Year 2006/07 Budget
Fund Summaries
Capital Improvement Plan
(in thousands)**

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance *	364,589.1	218,484.8	245,301.7	256,856.6
Revenues:				
Bonds/Contracts				
General Obligation	-	125,000.0	125,000.0	-
General Obligation Preserve	-	20,000.0	20,000.0	-
Municipal Properties Corporation	20,000.0	57,400.0	46,508.0	17,400.0
Municipal Properties Corporation-Water Certificates of Participation	7,650.0	91,500.0	88,360.0	-
Pay-As-You-Go				
Water & Sewer Development Fees	20,155.5	16,414.6	21,802.7	23,071.0
Extra Capacity Development Fee	-	-	-	-
Regional Transportation Sales Tax (Prop 400)	-	-	-	8,731.4
Grants	4,603.5	15,820.6	13,442.5	8,307.3
Other Contributions	244.4	17,057.0	5,818.4	24,343.0
Interest Earnings	2,207.5	3,177.7	2,120.7	2,172.3
Miscellaneous	2,054.4	267.0	1,280.3	1,015.0
Subtotal	56,915.3	346,636.9	324,332.5	85,040.1
Transfers In				
General Fund	17,118.2	33,402.9	33,402.9	45,389.7
Transportation Fund	10,918.1	9,232.3	10,423.8	11,097.4
Preservation Privilege Tax Funds	2,581.9	17,850.0	3,189.0	2,110.0
Special Programs Fund	906.0	267.9	381.4	177.0
Aviation Fund	792.2	1,398.0	43.1	1,830.7
Water & Sewer Fund	34,891.9	22,140.1	26,869.8	24,022.4
Solid Waste Fund	280.0	398.9	398.9	462.2
Internal Service Funds	2,350.2	236.7	236.7	175.9
Subtotal	69,838.5	84,926.8	74,945.6	85,265.4
Total Revenues & Transfers In	126,753.8	431,563.7	399,278.1	170,305.4
Total Sources of Funds	491,343.0	650,048.5	644,579.8	427,162.0
Use of Funds:				
Program Expenditures				
Community Facilities	41,317.5	169,249.6	151,985.8	121,200.2
Preservation	18,025.8	217,235.9	9,483.9	209,425.9
Drainage & Flood Control	2,131.3	29,470.4	4,777.8	36,276.6
Public Safety	18,880.2	66,623.9	5,560.8	55,230.2
Service Facilities	7,513.3	39,071.6	9,652.2	36,391.1
Transportation	30,387.9	148,183.3	39,682.5	165,293.6
Water Services	117,634.5	225,351.8	159,692.6	224,104.1
Prior Year Unexpended *	-	-	-	-
Subtotal	235,890.4	895,186.5	380,835.5	847,921.7
Less: Estimated Capital Improvement Expenditures (35%)	-	(315,105.6)	-	(296,772.6)
Subtotal: Unexpended at Year End (65%)	-	580,080.9	-	551,149.1
Transfers Out				
To Water & Sewer Operating Funds	10,150.9	6,887.7	6,887.7	6,823.5
Subtotal	10,150.9	6,887.7	6,887.7	6,823.5
Total Use of Funds	246,041.3	321,993.3	387,723.2	303,596.1
Ending Fund Balance				
CIP General Contingency Contingency	3,804.0	4,500.0	1,658.5	4,500.0
CIP Grant Contingency	-	-	-	5,000.0
CIP Airport Grant Contingency	-	-	-	5,500.0
Reserved Fund Balance	241,497.7	323,555.2	255,198.1	108,565.9
Total Ending Fund Balance	245,301.7	328,055.2	256,856.6	123,565.9

* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses). Prior year unexpended uses are estimated at 65% of prior year budget.

Fund Summaries and Five-Year Plans

**Adopted Fiscal Year 2006/07 Budget
Five-Year Financial Plan
Capital Improvement Plan
(In thousands)**

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance *	256,856.6	123,565.9	166,809.8	82,613.6	115,659.1
Revenues:					
Bonds/Contracts					
General Obligation	-	88,100.0	-	69,100.0	-
General Obligation Preserve	-	-	-	-	210,000.0
Municipal Properties Corporation	17,400.0	-	-	-	-
Municipal Properties Corporation-Water	-	100,000.0	-	-	-
Certificates of Participation	-	-	-	-	-
Pay-As-You-Go					
Water & Sewer Development Fees	23,071.0	23,844.3	27,169.3	24,486.9	25,466.3
Extra Capacity Development Fee	-	3,000.0	-	-	-
Regional Transportation Sales Tax (Prop 400)	8,731.4	10,640.0	6,000.0	6,925.0	-
Grants	8,307.3	8,724.7	9,212.8	1,530.8	-
Other Contributions	24,343.0	-	500.0	17,900.0	1,750.0
Interest Earnings	2,172.3	2,604.2	2,107.9	1,421.6	722.1
Miscellaneous	1,015.0	530.0	530.0	530.0	530.0
Subtotal	85,040.1	237,443.2	45,520.0	121,894.2	238,468.5
Transfers In					
General Fund	45,389.7	17,580.0	16,883.9	15,395.9	19,422.7
Transportation Fund	11,097.4	12,122.4	12,902.5	13,855.7	14,857.8
Preservation Privilege Tax Funds	2,110.0	250.0	2,088.0	100.0	300.0
Special Programs Fund	177.0	212.8	32.8	62.8	32.8
Aviation Fund	1,830.7	265.0	320.1	395.7	21.6
Water & Sewer Fund	24,022.4	25,921.7	27,059.7	28,925.1	33,408.4
Solid Waste Fund	462.2	20.3	405.3	620.3	20.3
Internal Service Funds	175.9	1,862.9	35.9	35.9	35.9
Subtotal	85,265.4	58,235.1	59,728.1	59,391.3	68,099.5
Total Revenues & Transfers In	170,305.4	295,678.3	105,248.1	181,285.6	306,567.9
Total Sources of Funds	427,162.0	419,244.1	272,058.0	263,899.1	422,227.0
Use of Funds:					
Program Expenditures					
Community Facilities	121,200.2	48,340.4	2,595.2	1,541.5	6,378.7
Preservation	209,425.9	752.3	2,088.0	100.0	300.0
Drainage & Flood Control	36,276.6	1,538.0	885.0	500.0	500.0
Public Safety	55,230.2	4,158.8	684.3	724.3	713.3
Service Facilities	36,391.1	22,392.0	9,137.8	4,409.9	4,229.7
Transportation	165,293.6	39,223.1	27,592.4	19,971.8	12,050.0
Water Services	224,104.1	34,355.0	23,966.3	38,180.2	30,300.0
Prior Year Unexpended *	-	551,149.1	456,240.7	340,073.3	263,575.6
Subtotal	847,921.7	701,908.7	523,189.6	405,501.0	318,047.3
Less: Estimated Capital Improvement Expenditures (35%)	(296,772.6)	(245,668.1)	(183,116.4)	(141,925.3)	(111,316.6)
Subtotal: Unexpended at Year End (65%)	551,149.1	456,240.7	340,073.3	263,575.6	206,730.8
Transfers Out					
To Water & Sewer Operating Funds	6,823.5	6,766.3	6,328.0	6,314.7	6,278.7
Subtotal	6,823.5	6,766.3	6,328.0	6,314.7	6,278.7
Total Use of Funds	303,596.1	252,434.3	189,444.4	148,240.0	117,595.3
Ending Fund Balance					
CIP General Contingency	4,500.0	4,500.0	4,500.0	4,500.0	4,500.0
CIP Grant Contingency	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
CIP Airport Grant Contingency	5,500.0	-	-	-	-
Reserved Fund Balance	108,565.9	157,309.8	73,113.6	106,159.1	295,131.7
Total Ending Fund Balance	123,565.9	166,809.8	82,613.6	115,659.1	304,631.7

* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses). Prior year unexpended uses are estimated at 65% of prior year budget.

TOTAL APPROPRIATION Fund Summaries and Five-Year Plans

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trusts	Capital	Total
Source of Funds:								
Beginning Fund Balance/Reserve	\$ 69,957,369	\$ 43,679,115	\$ 14,238,991	\$ 44,424,872	\$ 26,925,095	\$ 4,481	\$ 256,856,600	\$ 456,086,523
Revenues								
Taxes - Local								
Privilege Tax (1.0%)	110,286,447							110,286,447
Privilege Tax - Transportation (.20%)		22,057,289						22,057,289
Privilege Tax - McDowell Preserve (.20%)		22,057,289						22,057,289
Privilege Tax - Preservation (.15%)		16,542,967						16,542,967
Privilege Tax - Public Safety (.10%)	11,028,645							11,028,645
Property Tax	20,065,685		28,711,975					48,777,660
Transient Occupancy Tax	1,869,000	7,476,000						9,345,000
Light & Power Franchise	6,050,000							6,050,000
Cable TV	3,282,815							3,282,815
Salt River Project Lieu Tax	202,864							202,864
Stormwater Water Quality Charge	721,370							721,370
Taxes - From Other Agencies								
State Shared Sales Tax	20,630,000							20,630,000
State Revenue Sharing	20,848,490							20,848,490
AZ STA/MCSD Revenue			252,144					252,144
Transportation								
Highway User Revenue Tax		15,644,279						15,644,279
Auto Lieu Tax	9,579,000							9,579,000
Local Trans Assistance Fund		1,073,258						1,073,258
Proposition 400 Regional Sales Tax		282,160					8,731,400	9,013,560
Internal Service Charges								
Fleet Management					14,239,948			14,239,948
Self-Insurance					28,604,110			28,604,110
Licenses, Permits & Fees								
Building Permit Fees & Charges	17,000,000						23,071,000	40,071,000
Business Licenses & Fees	2,088,058							2,088,058
Recreation Fees	2,800,000							2,800,000
WestWorld	2,275,000							2,275,000
Fines & Forfeitures								
Court Fines	5,304,000							5,304,000
Parking Fines	306,000							306,000
Photo Enforcement	2,525,063							2,525,063
Photo Enforcement Pilot Program Loop 101	2,000,000							2,000,000
Library Fines & Fees	650,000							650,000
Interest Earnings/Property Rental								
Interest Earnings	2,300,000	798,000		1,626,053	384,304		2,172,339	7,280,696
Property Rental	3,100,000							3,100,000
Utilities & Enterprises								
Water Charges				79,771,323				79,771,323
Sewer Charges				30,975,824				30,975,824
Refuse/Recycling				18,006,095				18,006,095
Airport				3,388,339				3,388,339
Other Revenue								
Grant & Trust		20,380,520				15,000	8,307,300	28,702,820
Improvement District Assessments		600,000	1,084,884					1,684,884
Miscellaneous	1,300,000			2,251,244	235,000		25,358,000	29,144,244
Special Programs Revenue		3,482,440						3,482,440
Bond Proceeds							17,400,000	17,400,000
Spring Exhibition Surcharge			140,000					140,000
CIP Unexpended Year End							551,149,100	551,149,100
Less Internal Service Funds Offset					(36,336,685)			(36,336,685)
Subtotal	246,212,437	110,394,202	30,189,003	136,018,878	7,126,677	15,000	636,189,139	1,166,145,336
Transfers In								
Operating Transfers								
From General Fund		3,071,313	5,535,518		2,500,000		45,389,700	56,496,531
From Special Revenue Funds			22,755,067				13,384,445	36,139,512
From Enterprise Funds		290,551					26,315,318	26,605,869
From Internal Service Funds							175,900	175,900
From Capital Improvement Fund				6,823,541				6,823,541
Transfers to Gen Fund from Enterprise								
In-Lieu Property Tax	2,883,046							2,883,046
Indirect/Direct Cost Allocation	10,207,678							10,207,678
Franchise Fee	5,597,691							5,597,691
Subtotal	18,688,415	3,361,864	28,290,585	6,823,541	2,500,000	-	85,265,363	144,929,768
Other Activity								
Reserve Appropriations								
Operating Contingency	6,686,090	3,000,000				10,000	15,000,000	24,696,090
Solid Waste				500,000				500,000
Self-Insurance					2,000,000			2,000,000
Water/Sewer				1,000,000				1,000,000
Carryover/Rebudgets	5,000,000			3,150,000	2,000,000			10,150,000
Subtotal	11,686,090	3,000,000	-	4,650,000	4,000,000	10,000	15,000,000	38,346,090
Total Revenues & Transfers In	276,586,942	116,756,066	58,479,588	147,492,419	13,626,677	25,000	736,454,502	1,349,421,194

TOTAL APPROPRIATION Fund Summaries and Five-Year Plans

	General	Special Revenue	Debt Service	Enterprise	Internal Service	Trusts	Capital	Total
Use of Funds:								
Departments								
General Government	26,509,544	4,434,604						30,944,148
Police	79,150,990	877,442						80,028,432
Financial Services	9,593,542			3,223,747	28,454,629			41,271,918
Transportation	-	14,331,915		1,720,250				16,052,165
Community Services	53,959,898	4,229,208						58,189,106
Information Systems	9,792,542							9,792,542
Fire	30,351,504	4,290						30,355,794
Water Resources	-			54,790,128				54,790,128
Municipal Services	618,063	13,624,041		14,529,177	15,947,781			44,719,062
Citizen & Neighborhood Resources	3,477,329	97,207						3,574,536
Human Resources	4,464,761	15,957						4,480,718
Economic Vitality	1,461,219	7,049,630						8,510,849
Planning & Development Services	15,350,539	50,000						15,400,539
Estimated Department Savings	(1,500,000)							(1,500,000)
Estimated Vacant Position Savings	(3,300,000)							(3,300,000)
Less Internal Service Fund Offsets	-				(36,336,685)			(36,336,685)
Subtotal	229,929,931	44,714,294	-	74,263,302	8,065,725	-	-	356,973,252
Grant and Trust Activity								
Community Dev Block Grants/HOME/Sec 8		8,144,510						8,144,510
Other Federal & State Grants		12,236,010						12,236,010
Trust and Special Districts		600,000				15,000		615,000
Subtotal	-	20,980,520	-	-	-	15,000	-	20,995,520
Capital Improvements								
Community Facilities Preservation							121,200,200	121,200,200
Neighborhood Drainage and Flood Control							36,276,600	36,276,600
Public Safety							55,230,200	55,230,200
Service Facilities							36,391,100	36,391,100
Transportation Improvements							165,293,600	165,293,600
Water and Wastewater							224,104,100	224,104,100
Subtotal	-	-	-	-	-	-	847,921,700	847,921,700
Debt Service								
General Obligation Bonds			30,997,250					30,997,250
General Obligation Bonds-Preserve			15,201,304					15,201,304
Preserve Authority Revenue Bonds			6,808,896					6,808,896
Revenue Bonds		3,155,450	-	6,474,638				9,630,088
MPC Bonds			5,932,529	12,656,100				18,588,629
Special Assessment Bonds			1,084,884					1,084,884
Certificates of Participation	917,790							917,790
Contracts Payable	5,128,638	952,290						6,080,928
Subtotal	6,046,428	4,107,740	60,024,863	19,130,738	-	-	-	89,309,769
Other Activity								
Reserve Appropriations								
Operating Contingency	6,686,090	3,000,000				10,000	15,000,000	24,696,090
Solid Waste				500,000				500,000
Self-Insurance					2,000,000			2,000,000
Water/Sewer				1,000,000				1,000,000
Carryover/Rebudgets	5,000,000			3,150,000	2,000,000			10,150,000
Subtotal	11,686,090	3,000,000	-	4,650,000	4,000,000	10,000	15,000,000	38,346,090
Total Budget	247,662,449	72,802,554	60,024,863	98,044,040	12,065,725	25,000	862,921,700	1,353,546,331
Transfers Out								
Capital Improvement Program	45,389,700	13,384,445		26,315,318	175,900			85,265,363
Operating Transfers								
To General Fund								-
To Special Revenue Fund	3,071,313			290,551				3,361,864
To Debt Service Fund	5,535,518	22,755,067						28,290,585
To Internal Service Fund	2,500,000							2,500,000
To Enterprise Fund							6,823,541	6,823,541
Enterprise Transfers								
In-Lieu Property Tax				2,883,046				2,883,046
Indirect/Direct Cost Allocation				10,207,678				10,207,678
Franchise Fee				5,597,691				5,597,691
Subtotal	56,496,531	36,139,512	-	45,294,284	175,900	-	6,823,541	144,929,768
Total Expenditures & Transfers Out	304,158,980	108,942,066	60,024,863	143,338,324	12,241,625	25,000	869,745,241	1,498,476,099
Ending Fund Balance/Reserve	42,385,331	51,493,115	12,693,716	48,578,967	28,310,147	4,481	123,565,861	307,031,618



Legal Compliance and Financial Management

To ensure legal compliance and financial management for the various restricted revenues and program expenditures, the City's accounting and budget structure is segregated into various funds. This approach is unique to the government sector. Fund accounting segregates functions and activities into separate self-balancing funds that are created and maintained for specific purposes; for example, Special Revenue Funds are used to account for the expenditure of restricted revenues, while Enterprise Funds account for self-sustaining "business" related activities for which a fee is charged to cover all costs associated with that business. The General Fund is the City's chief operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

A detailed overview of the City's budgeted revenues, expenditures, and fund balance by fund is presented in this section.

Fund Accounting - Fund Types

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The **General Fund** is the primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Transportation, Preservation Privilege Tax, Special Programs, Special Districts, and Grants.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

Enterprise Funds are used to account for operations, including debt service, which are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, Solid Waste, and Aviation activities.

Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

Trust Funds are used to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

Capital Improvement Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The City maintains several Capital Project funds to ensure legal compliance and financial management for various restricted revenues. Examples of restricted revenue funds are:

Bond Funds – used to account for bond proceeds to be used only for approved bond projects.

Transportation Privilege Tax Capital Fund – used to account solely for transportation projects.

Grant Capital Funds – used to account for the proceeds of capital grants.

Enterprise Capital Funds – used to account for utility rates and development fees for specific projects.

Unrestricted General Capital Fund – used to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

General Fund

Fund Purpose

The General Fund exists to account for the activity associated with traditional local government services such as police, fire, parks and recreation, planning and economic development and general City administration. Under Arizona State law, each city and town must maintain a General Fund and account for Highway User Revenues (see the Transportation Fund in the Special Revenue Fund section). The General Fund is the largest fund and typically the fund of most interest and significance to citizens.

General Fund Revenues and Transfers In

General Fund resources include both revenues and transfers-in from other fund types such as the Special Revenue, Enterprise and Internal Service Funds. Estimated General Fund revenues and transfers-in for FY 2006/07 equal \$264.9 million, an increase of approximately \$0.8 million, or 0.3 percent, from the FY 2005/06 year-end forecast of \$264.1million. This comparatively small increase in the forecasted General Fund revenues reflects an accounting change the City made based on a recent internal audit recommendation. A more comprehensive description of this change is addressed in the Transient Occupancy Tax summary. Without this accounting change, the total General Fund revenues would have increased approximately \$8.3 million, or 3.1 percent, over the prior year, which is attributable primarily to increases in privilege tax (sales) of \$6.8 million (6.5 percent), public safety privilege tax of \$0.7 million (6.5 percent), primary property tax of \$1.4 million (7.3 percent), light and power franchise taxes of \$0.2 million (2.5 percent), and cable TV franchise taxes of \$0.4 million (13.2 percent). Also, the development permits and fees are projected to decline \$2.0 million (10.5 percent) over a very strong FY 2005/06 performance. Additionally, the state-shared revenues are projected to decrease from the current year-end estimate because the mid-decade special census will likely have an adverse impact on the City's share, as faster growing cities and towns within the region receive an increased proportion of the overall pool of state-shared revenues.

Subsequent to the City's budget adoption, the State's budget was adopted. The State budget included a 10.0 percent permanent reduction in the state income tax rate. The tax rate reduction is to be phased in over a two year period (5.0 percent reduction in 2006 and another 5.0 percent in 2007) and will decrease the amount of funding available for allocation to Arizona's cities and towns. Based on a "hold harmless" proposal, the tax rate reduction should not adversely impact cities and towns in FY 2008/09, as the State has indicated it will appropriate \$717.0 million to help communities with the transition. Beyond FY 2008/09, cities and towns will likely see a reduction in their annual allocation of state shared income tax revenue. The City of Scottsdale forecasts a \$2.4 million and \$2.5 million reduction in FY 2009/10 and FY 2010/11, respectively. The actual reduction experienced by the City in these years will ultimately be a function of the final mid-decade census results and the total amount of revenue collected by the State for allocation to cities and towns. The State budget also proposes to distribute an additional \$10.5 million in FY 2008/09 to cities and towns for tax reductions taken from communities by the State in prior fiscal years. The City of Scottsdale forecasts its share of the \$10.5 million at approximately \$520,000. The General Fund five-year financial plan has been updated to reflect the anticipated additions and reductions noted above.

Revenues and transfers-in determine Scottsdale's capacity to provide program services to our citizens. The major resources, which fund the program operating budget, debt service and capital projects, are identified in this section.

Local Tax Revenues

Local Tax Revenues of \$153.5 million represent 57.9 percent of the General Fund total operating resources and are the fund’s largest category of revenue source. With the exception of property taxes, all of these revenues are “elastic”, meaning they vary directly with the economy – during economic expansion, elastic tax revenues increase, due to higher levels of consumer spending and tourism activity. During an economic downturn, the opposite is true and tax revenue levels decline. Local Tax Revenues consist of the following:

Privilege (Sales) Tax represents the 1.0 percent General Fund share of the City’s total 1.65 percent sales tax that is available for any municipal purpose. The remaining 0.65 percent of the tax has dedicated uses and is allocated as follows: General Fund (Public Safety .10 percent), Special Revenue Fund (Transportation .20 percent) and Special Revenue Fund (Preservation .35 percent). The tax is the City’s single largest revenue source. This revenue also includes sales tax application and penalty fees. It is also the General Fund’s single largest revenue source, and the General Fund portion of the tax is used to pay for general governmental operations and the repayment of excise debt. For FY 2006/07, the adopted revenue budget is \$110.3 million, which is approximately a \$6.8 million, or a 6.5 percent increase over the FY 2005/06 year-end estimate of \$103.5 million. The regional economy appears to have recovered from the recession in 2001 and the related economic downturn from September 11th. The privilege tax is expected to grow moderately in the five-year revenue forecast which is shown in detail by major business category in the Appendix. Staff forecasts the privilege tax collections by category to arrive at a more precise total sales tax revenue. The revenue forecasts for each business category use various assumptions that combine historical elements as well as emerging fiscal, economic and legal considerations.

Adopted Fiscal Year	Actual/Budget	Estimate*
2006/07	\$110.3	\$110.3*
2005/06	\$96.7	\$103.5*
2004/05	\$84.8	\$94.1
2003/04	\$77.4	\$85.2
2002/03	\$84.0	\$79.7

Privilege (Sales) Tax - Public Safety represents the .10 percent of the total 1.65 percent sales tax rate and is dedicated exclusively to public safety enhancements. The voters approved the .10 percent increase in the sales tax for public safety in May 2004. The Public Safety sales tax forecast calls for FY 2006/07 revenues of about \$11.0 million versus an expected FY 2005/06 year-end of approximately \$10.4 million. The same business category analysis used for the General Fund 1.0 percent tax was applied when forecasting the Public Safety Privilege Tax.

Adopted Fiscal Year	Actual/Budget	Estimate*
2006/07	\$11.0	\$11.0*
2005/06	\$9.7	\$10.4*
2004/05	\$7.8	\$7.7
2003/04	-	-
2002/03	-	-

Property Tax (Primary) represents the General Fund’s portion of the Primary Property Tax which is levied on the assessed value of all property within the City to help pay for City general governmental operation costs. By Arizona State Statute, the primary property levy is limited to a 2.0 percent increase per year, plus an allowance for annexations and new construction. Primary property tax accounts for 7.6 percent of the total projected FY 2006/07 General Fund resources. The FY 2006/07 revenue forecast of \$20.1 million represents an increase of slightly less than \$1.4 million, or 7.3 percent, from the FY 2005/06 year-end estimate of \$18.7 million. The adopted primary property tax rate of approximately 42 cents per \$100 of assessed valuation represents a 2 cent decrease from the FY 2005/06 rate.

Property Tax (Primary) Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$20.1	\$20.1*
2005/06	\$18.7	\$18.7*
2004/05	\$17.6	\$17.4
2003/04	\$16.6	\$16.4
2002/03	\$15.4	\$15.6

Transient Occupancy (“Bed”) Tax during FY 2005/06 the bed tax revenue continued its recovery and the FY 2006/07 forecast assumes the tourism industry will post a solid performance in the coming year. Bed tax revenue is expected to increase by more than \$0.4 million, or 5.0 percent, from the FY 2005/06 year-end forecast of \$8.9 million to nearly \$9.3 million. Based on an internal audit recommendation, 80.0 percent, or more than \$7.4 million, of the total bed tax revenue will be budgeted in the Special Revenue-Special Programs Fund to reflect the restricted nature of this revenue. By City ordinance, 80.0 percent of this tax revenue is restricted for tourism and hospitality purposes and the payment of contracts to increase tourism and fund debt service for destination attractions. The FY 2006/07 General Fund budget reflects only 20.0 percent, or \$1.9 million, of the projected total bed tax revenue. The forecast assumes a moderate 4.0 percent growth in this revenue source beyond FY 2006/07.

Transient Occupancy (“Bed”) Tax Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$1.9	\$1.9*
2005/06	\$8.2	\$8.9*
2004/05	\$6.7	\$7.9
2003/04	\$6.6	\$7.2
2002/03	\$7.6	\$6.7

Stormwater Quality Charge revenue relates to the water quality charge to help pay a portion of the City’s Stormwater Management program costs. These costs are driven by “unfunded” federal mandates that require the City to operate under a National Pollution Discharge Elimination System (NPDES) permit and to address the quality of stormwater runoff. Charges are forecasted at \$0.7 million for FY 2006/07, nearly equal to the expected FY 2005/06 year-end forecast.

Stormwater Quality Charge Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$0.7	\$0.7*
2005/06	\$0.6	\$0.7*
2004/05	\$0.6	\$0.6
2003/04	-	-
2002/03	-	-

Other Taxes — Light & Power and Cable TV Franchise, Salt River Project In-Lieu Tax and Fire Insurance Premium include franchise taxes charged on revenues from utility and cable companies for use of City right-of-ways and in-lieu property tax for municipal utilities. The light & power franchise tax is projected to increase 2.5 percent, or \$0.2 million. The cable TV franchise tax is forecasted to increase 13.2 percent, or \$0.4 million, and Salt River Project In Lieu Tax is expected to remain flat at the FY 2005/06 year-end estimates of \$0.2 million. With the addition of the municipal Fire Department in FY 2005/06, the Fire Insurance Premium no longer comes to the City. Instead the revenue goes directly to the State Public Safety Retirement Fund and is credited to the City’s actuarial calculation for firefighters.

Other Taxes Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$9.5	\$9.5*
2005/06	\$8.6	\$9.0*
2004/05	\$8.5	\$9.0
2003/04	\$8.3	\$8.7
2002/03	\$8.2	\$8.2

State-Shared Tax Revenues

State-Shared Tax Revenues include the state sales tax, income tax collections, and auto lieu tax, which are shared with all cities and towns throughout the state. The formula for distribution of the sales and income tax revenue is based upon the relation of the City’s population to the total state population. Under this distribution method, mature cities reaching build-out will see their portion of state-shared tax revenues decrease, as rapidly growing cities receive a greater share of the revenue distribution. A mid-decade special census will likely have an adverse impact on the City’s share, as faster growing cities and towns within the region receive an increased proportion of the overall pool of state-shared revenues (see note below).

The State Department of Revenue collects and distributes funds and provides revenue forecasts to cities and towns for these revenue sources. The auto lieu tax is shared based on the City’s population in relation to the total incorporated population of Maricopa County.

Scottsdale’s portion of the state-shared taxes is expected to decrease in FY 2006/07 by nearly \$0.5 million or 0.9 percent from the FY 2005/06 year-end estimate of \$51.5 million due to the special census mentioned previously.

Note: Subsequent to the City’s budget adoption, the State’s budget was adopted. The State budget included a 10.0 percent permanent reduction in the state income tax rate. The tax rate reduction is to be phased in over a two year period (5.0 percent reduction in 2006 and another 5.0 percent in 2007) and will decrease the amount of funding available for allocation to Arizona’s cities and towns. Based on a “*hold harmless*” proposal, the tax rate reduction should not adversely impact cities and towns in FY 2008/09, as the State has indicated it will appropriate \$717.0 million to help communities with the transition. Beyond FY 2008/09, cities and towns will likely see a reduction in their annual allocation of state shared income tax revenue. The City of Scottsdale forecasts a \$2.4 million and \$2.5 million reduction in FY 2009/10 and FY 2010/11, respectively. The actual reduction experienced by the City in these years will ultimately be a function of the final mid-decade census results and the total amount of revenue collected by the State for allocation to cities and towns. The State budget also proposes to distribute an additional \$10.5 million in FY 2008/09 to cities and towns for tax reductions taken from communities by the State in prior fiscal years. The City of Scottsdale forecasts its share of the \$10.5 million at approximately \$520,000. The General Fund five-year financial plan has been updated to reflect the anticipated additions and reductions noted above.

State-Shared Revenues consist of the following:

State Shared Sales Tax cities and towns share in a portion of the 5.0 percent sales tax collected by the State – the State retains 50.0 percent, schools are designated to receive 40.0 percent, and the remaining 10.0 percent is allocated to cities and towns based on percentage of population. The forecast calls for FY 2006/07 revenues of approximately \$20.6 million versus an expected FY 2005/06 year-end of \$21.0 million. Revenue is expected to decline about \$0.4 million in FY 2006/07 due to the mid-decade special census. An increase of 6.0 percent is forecasted in the out-years of the plan.

State Shared Sales Tax Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$20.6	\$20.6*
2005/06	\$19.0	\$21.0*
2004/05	\$16.5	\$18.6
2003/04	\$15.4	\$16.9
2002/03	\$15.8	\$15.9

State Revenue Sharing (Income Tax) there is a two-year lag between the time citizens earn and report results to the State and when the State submits the actual revenues to cities and towns. Cities and towns in Arizona are prohibited from levying a local income tax; however, they are entitled to 15.0 percent of state income tax collections from two years previous. Revenue from State Shared Income Tax is forecasted at \$20.8 million for FY 2006/07, a 1.7 percent decrease over expected FY 2005/06 year-end of \$21.2 million. Again, as a result from the mid-decade special census where faster growing cities and towns within the region will receive an increased proportion of the overall pool of state-shared revenues. Future budget years reflect the impacts of the permanent reduction in the state income tax note (see note on previous page).

State Revenue Sharing (Income Tax) Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$20.8	\$20.8*
2005/06	\$20.5	\$21.2*
2004/05	\$18.0	\$18.6
2003/04	\$18.0	\$18.3
2002/03	\$21.1	\$21.6

State Auto Lieu Tax is part of the vehicle license fees collected by Maricopa County, but is actually a State revenue source. The City receives its share of the vehicle license tax collection based on its population in relation to the total incorporated population of Maricopa County. The only stipulation on the use of this revenue is that it must be spent on a public purpose. The City has designated these tax proceeds for transportation services. The budget for FY 2006/07 is forecasted at \$9.6 million, which represents nearly a \$0.3 million, or 3.0 percent, increase from the FY 2005/06 year-end estimate of \$9.3 million.

State Auto Lieu Tax Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$9.6	\$9.6*
2005/06	\$8.9	\$9.3*
2004/05	\$7.8	\$8.5
2003/04	\$6.9	\$8.0
2002/03	\$6.7	\$8.0

Licenses, Permits & Fees Revenue

Licenses, Permits & Fees Revenue include revenue from various business licenses, all fees recovered as a part of the development process, and recreation fees. This category includes building, electrical, mechanical, and plumbing permits, as well as subdivision, zoning, and plan check fees. Recreation Fees include revenue from the various recreational programs, classes, entry fees, and WestWorld event revenue. In accordance with Scottsdale’s adopted financial policy, all fees and charges are reviewed annually.

Scottsdale’s development activity is slowing as our community is changing from growth oriented to a maturing community focused on sustaining its high quality of life. The new commercial and residential construction activity is expected to continue, but at a slower pace. The attractiveness of Scottsdale, low commercial vacancy rates and low mortgage interest rates are major contributors to the Licenses, Permits & Fees Revenue.

Licenses, Permits & Fees Revenue consist of the following:

Building Permits Fees & Charges include fees assessed to developers/builders that recover the cost of four primary functions: 1) reviewing/processing development applications, 2) plan review of construction documents, 3) the issuance of building, electrical, mechanical and plumbing permits, and 4) the inspection of buildings/structures in the construction phase. The FY 2006/07 forecast of \$17.0 million takes into consideration planned redevelopment activity, commercial activity and a modest slowing of residential housing activity, along with a 2.0 percent increase to certain Planning and Development Services fees effective July 1, 2006. This is a conservative budget amount when compared to historical trends; however, it factors in the complexity and changing nature of the development activity and the City’s conservative approach when forecasting elastic revenues.

Building Permit Fees & Charges Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$17.0	\$17.0*
2005/06	\$15.5	\$19.0*
2004/05	\$14.3	\$18.2
2003/04	\$13.5	\$17.3
2002/03	\$15.5	\$15.4

Fire Service Charges include service fees for the cost recovery of fire and medical standbys at special events, after hours inspections, and ambulance staffing and dispatch fees associated with the ambulance agreement. In addition, the department collects fees for CPR classes, permits and incident reports. For FY 2005/06, fire service charges were collected and reported in the miscellaneous revenue category. Beginning in FY 2006/07, fire service charges are re-classified from miscellaneous revenue to this new category to enhance accuracy and disclosure. FY 2006/07 revenues are forecasted at \$1.0 million – virtually the same as the FY 2005/06 year-end estimate.

Fire Service Charges Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$1.0	\$1.0*
2005/06	-	-
2004/05	-	-
2003/04	-	-
2002/03	-	-

Business Licenses & Fees include the licensing of business activity that takes place in Scottsdale and the associated fees relating to the licensure and regulation of specific activity. Revenues of approximately \$2.1 million are expected in FY 2006/07, reflecting a 4.0 percent increase from the FY 2005/06 year-end estimate. The increase is based on historical growth trends.

Business Licenses & Fees Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$2.1	\$2.1*
2005/06	\$2.0	\$2.0*
2004/05	\$1.8	\$1.7
2003/04	\$1.8	\$1.9
2002/03	\$1.7	\$1.8

Recreation Fees are budgeted at \$2.8 million and include revenue from the various recreational programs, classes, and entry fees. In accordance with the City's adopted financial policies, recreation fees are reviewed and adjusted annually, if the increase is justified by the analysis and approved by City Council. No fee increases are proposed for FY 2006/07.

Recreation Fees Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$2.8	\$2.8*
2005/06	\$2.3	\$2.6*
2004/05	\$2.2	\$2.4
2003/04	\$2.2	\$2.4
2002/03	\$2.1	\$2.2

WestWorld Fees include event revenue (general facility rental, concessions, parking fees, etc.) from events such as horse shows, auto auctions and car shows, consumer and home shows, as well as RV space rental income. Revenues of approximately \$2.3 million are expected in FY 2006/07 versus an expected FY 2005/06 year-end of \$2.2 million. In accordance with the City's adopted financial policies, WestWorld recreation fees are reviewed and adjusted annually, if the increase is justified by the analysis and approved by City Council. No fee increases are proposed for FY 2006/07. Staff's FY 2006/07 revenue forecast is based on future confirmed bookings for WestWorld as well as historical activity.

WestWorld Fees Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$2.3	\$2.3*
2005/06	\$1.8	\$2.2*
2004/05	\$1.6	\$1.8
2003/04	\$1.5	\$1.8
2002/03	\$1.3	\$1.5

Fines and Forfeiture Revenues

Fines and Forfeiture Revenues include court, parking, photo radar, and library fines. In the aggregate, the revenue for these items in FY 2006/07 is projected to be \$10.8 million for an increase of approximately \$0.1 million over the FY 2005/06 year-end estimate.

Court Fines are the General Fund portion of penalties or fees assessed by state statute, City ordinance or the Presiding Judge. Examples include: fines, a portion of the registration fee to attend Defensive Driving school, bonds forfeited to the City and collection fees. Revenues of approximately \$5.3 million are expected for FY 2006/07, which reflects a \$0.1 million increase from the FY 2005/06 year-end estimate. Staff developed revenue estimates based on historical trends in court activity.

Court Fines Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/Budget	Estimate*
2006/07	\$5.3	\$5.3*
2005/06	\$5.1	\$5.2*
2004/05	\$3.9	\$5.1
2003/04	\$3.7	\$4.4
2002/03	\$3.5	\$4.2

Parking Fines are the General Fund portion of parking fees assessed per City ordinance and are forecasted at slightly more than \$0.3 million for FY 2006/07 – virtually the same as the FY 2005/06 year-end estimate.

Parking Fines Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/Budget	Estimate*
2006/07	\$0.3	\$0.3*
2005/06	\$0.2	\$0.3*
2004/05	\$0.2	\$0.2
2003/04	\$0.1	\$0.2
2002/03	\$0.1	\$0.2

Photo Enforcement Fines are the General Fund portion of Photo Enforcement penalties as assessed by the Presiding Judge. Examples include: red light and speeding fines and a portion of the registration fee to attend Defensive Driving school. Revenues are budgeted at about \$2.5 million for FY 2006/07, which represents an increase of more than \$0.3 million, or 14.8 percent, from the FY 2005/06 year-end estimate. The use of photo enforcement is intended to be a deterrent to unsafe driving and to modify driving habits, not as a revenue producer.

Photo Enforcement Fines Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/Budget	Estimate*
2006/07	\$2.5	\$2.5*
2005/06	\$2.5	\$2.2*
2004/05	\$1.1	\$2.7
2003/04	\$1.1	\$1.3
2002/03	\$1.1	\$0.8

Photo Enforcement Fines – Loop 101 Freeway represents the revenue anticipated with the conclusion of the Photo Enforcement Loop 101 pilot program where photo enforcement is used to target speeding drivers on Scottsdale’s portion of the State Loop 101 Freeway. Scottsdale is the first community in the country to use photo enforcement on a multi-lane limited access freeway. Fine revenues are used to pay program administration and sub-contract costs. The forecasted revenue of \$2.0 million for FY 2006/07 represents four months of citation activity.

Photo Enforcement Fines – Loop 101 Freeway Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$2.0	\$2.0*
2005/06	\$10.0	\$2.3*
2004/05	-	-
2003/04	-	-
2002/03	-	-

Library Fines & Fees are monies collected when library materials are returned after they are due, are lost, and/or are damaged. This category also includes reciprocal inter-library revenue, library facility rentals, and library shared use reimbursements. FY 2006/07 revenues are forecasted at \$0.7 million – virtually the same as the FY 2005/06 year-end estimate. In accordance with the City’s adopted financial policies, the library fines are reviewed and adjusted annually, if necessary. The FY 2006/07 budget does not include any fine increases and is based on historical activity.

Library Fines & Fees Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$0.7	\$0.7*
2005/06	\$0.6	\$0.7*
2004/05	\$0.4	\$0.6
2003/04	\$0.4	\$0.5
2002/03	\$0.4	\$0.4

Interest Earnings/Property Rental

Interest Earnings are generated on idle General Fund cash balance throughout the year. Revenue from Interest Earnings is conservatively forecasted at \$2.3 million for FY 2006/07, \$0.3 million less than the expected FY 2005/06 year-end estimate of \$2.6 million. This revenue is a function of the relationship between the City’s available cash balance and the interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers’ acceptances, repurchase agreements, money market funds, and the State of Arizona’s Local Government Investment Pool. Interest earnings applicable to bond proceeds and the Capital Improvement Plan (CIP) accrue to the CIP budget and are not included in General Fund revenues. Staff forecasted the interest earnings for FY 2006/07 based on recent activity and anticipated cash balances.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$2.3	\$2.3*
2005/06	\$1.9	\$2.6*
2004/05	\$1.7	\$2.3
2003/04	\$0.8	\$1.8
2002/03	\$3.3	\$1.7

Property Rental revenues are rental fees on facilities such as the Scottsdale Stadium, as well as amounts received from the Tournament Players Club and Princess Hotel for percent of revenue on gross sales agreements. The FY 2006/07 forecasted revenue of approximately \$3.1 million represents a slight decrease over the FY 2005/06 year-end estimate of \$3.2 million.

Property Rental Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$3.1	\$3.1*
2005/06	\$3.0	\$3.2*
2004/05	\$3.4	\$3.1
2003/04	\$3.3	\$3.2
2002/03	\$3.4	\$2.5

Other Revenue

Miscellaneous revenue includes various miscellaneous revenues the City receives during any given year that are not attributable to one of the specific revenue categories noted previously. The FY 2006/07 revenue is forecasted at \$0.3 million, which represents a decrease from the FY 2005/06 year-end estimate of \$1.3 million. The decrease is the result of the reclassification of fire service charges from miscellaneous revenue to the new category, "Fire Service Charges".

Other Revenue - Miscellaneous Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$0.3	\$0.3*
2005/06	\$1.0	\$1.3*
2004/05	\$1.2	\$1.1
2003/04	\$1.5	\$1.8
2002/03	\$2.0	\$1.9

Transfers-In

Transfers-In essentially represents the reimbursement of cost incurred for services (i.e., utility billing, payroll processing, benefits administration, etc.) provided and paid by the General Fund on behalf of the Enterprise Fund as well as in lieu property taxes and franchise fees. The cost of the services provided by the General Fund is allocated annually to these user funds on a rational and equitable basis. Property tax and franchise fees charged to the Enterprise Funds represent fees a private organization would incur while conducting business within the City. The total transfers-in for FY 2006/07 are expected to increase by approximately \$0.9 million over the FY 2005/06 year-end estimate as a result of higher franchise, in-lieu, and indirect fees charged to the Enterprise Funds.

General Fund Expenditures By Expenditure Type

The General Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay, and debt service. Additionally, there are transfers-out to other funds.

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The adopted personal services budget of \$170.4 million represents 72.2 percent of the FY 2006/07 General Fund Operating Budget of nearly \$236.0 million. The adopted FY 2006/07 personal services budget increased \$14.7 million or 9.5 percent from the FY 2005/06 adopted budget.

The personal services costs include a 3.0 percent cost of living pay adjustment equaling \$4.3 million for City personnel. The adopted budget also maintains the City’s merit pay program at an estimated cost of \$2.3 million for those employees that have earned the increase through job performance and have not reached the top of their position pay range. The City’s contribution to Arizona Public Safety Retirement System for police and fire in FY 2006/07 increases by about \$1.3 million. The City’s contribution to the Arizona State Retirement System for civilian employees will increase by about \$0.6 million. The adopted FY 2006/07 General Fund budget also includes a net increase in healthcare costs of approximately \$2.5 million and \$0.8 million for overtime primarily related to Fire Public Safety activities.

The adopted General Fund budget includes 61.88 new full-time equivalent (FTE) staff positions at a total cost of nearly \$2.9 million. The General Fund additions can be summarized as follows:

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/Budget	Estimate*
2006/07	\$170.4	\$170.4*
2005/06	\$155.7	\$155.7*
2004/05	\$120.8	\$114.4
2003/04	\$114.0	\$108.2
2002/03	\$106.2	\$104.4

**See glossary for
Expenditure Type definitions**

Service Category	Gross Cost	New FTEs
Community Facilities	\$0.6M	14.81
Public Safety/Police	\$1.0M	26.50
Citizen Services & Community Growth	\$0.9M	15.07
Internal Service Demands	\$0.4M	5.50
Total	\$2.9M	61.88

Further detail on the new FTEs is provided below:

Community Facilities – The positions in this category are necessary to staff new or expanded capital facilities primarily constructed with voter-approved Bond 2000 funding. The adopted budget includes 14.81 FTEs associated with these facilities at slightly under \$0.6 million in payroll and benefits costs. The McDowell Mountain Ranch Park and Aquatic Center will require 7.31 FTEs after opening in July 2006. Expansions at Chaparral Park and Scottsdale Ranch Park will require 2.75 FTEs and 0.75 FTE, respectively, to address the anticipated increased recreation and maintenance demands. The Facilities Maintenance Program will also require 3.00 FTEs to handle the added facilities and the Downtown Parking Program will need 1.00 FTE to handle increased service demands associated with the new parking structures.

Public Safety/Police – All of the staff additions in this category for FY 2006/07 are Police Department positions. The adopted budget includes 26.50 FTEs at approximately \$1.0 million in payroll and benefits costs. They include a combination of sworn (15.00 FTEs) and civilian (11.50 FTEs) positions. These positions are distributed among several programs in the Police Department. Most of the positions are in Patrol Services (12.00 sworn FTEs and 4.00 civilian FTEs). Other positions include detention supervisors (3.00 civilian FTEs), and mounted patrol officers (2.00 sworn FTEs). A sworn position (1.00 FTE) is included to support the Surveillance/SWAT team. The balance of the staff increase is all civilian -- Police Records (1.00 FTE), Crime Laboratory (1.00 FTE), Crime Scene Processing (1.00 FTE), Property and Evidence (0.50 FTE), and Internal Affairs (1.00 FTE).

Citizen Services & Community Growth – The need for positions in this category stems from customer service demands, growth in the community, and federal and state environmental regulations. The adopted budget includes 15.07 FTEs at a net payroll and benefits cost of less than \$0.9 million. The largest staff increase in this category is in the area of Planning and

Development Services (9.00 FTEs) to address the increased planning and development related workload. The other 6.07 FTEs are attributable to increasing service demands in the following areas: Environmental Preservation (1.00 FTE), the Victim's Advocate Program (1.00 FTE), trails and equestrian facilities (0.50 FTE), youth activities and after-school programs at Pima Park (0.37 FTE), Vista del Camino (0.70 FTE), the STOMP program (1.00 FTE), the Tax Audit Division (1.00 FTE) and facilities maintenance (0.50 FTE, upgrade of a part-time to a full-time position).

Internal Service Demands – The positions in this category are driven by a combination of internal and external customer service demands. The adopted budget includes 5.50 FTEs at a net payroll and benefits cost of approximately \$0.4 million. The adopted budget adds staff in the Information Systems (3.00 FTEs), Financial Services (1.00 FTE) and Human Resources (1.00 FTE) departments. The budget also includes upgrades to part-time clerical positions in the City Attorney's Office and in Capital Project Management to a full-time and a three-quarter-time position, respectively, for a total increase of 0.50 FTE.

The adopted General Fund budget also includes the conversion of existing contract workers in these areas to City staff in FY 2006/07 equal to 25.00 FTEs. The conversions are based on a sustainable workload. The associated net fiscal impact of converting these positions is less than \$60,000 next year.

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted budget of \$48.3 million represents 20.4 percent of the FY 2006/07 General Fund Operating Budget of nearly \$236.0 million. The FY 2006/07 adopted budget is \$3.6 million, or 7.9 percent, more than the FY 2005/06 adopted budget. The increase in contractual services includes a 3.0 percent increase for the Scottsdale Cultural Council contract plus an additional \$0.5 million to the Scottsdale Cultural Council for the purchase of theatre rigging, a security system replacement, Scottsdale Museum of Contemporary Art (SMoCA) humidification replacement, support for Theater 4301, SMoCA collection preservation, a one-time SMoCA conservation assessment for the collection, and a one-time community cultural assessment. Additionally, contractual services include a \$0.4 million increase for the Scottsdale Convention and Visitors Bureau (SCVB) contract. The adopted budget also includes \$0.3 million to cover the initial costs of training and processing of complaints related to the City's proposed new ethics policy.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$48.3	\$48.3*
2005/06	\$44.7	\$44.7*
2004/05	\$57.5	\$58.7
2003/04	\$53.7	\$55.0
2002/03	\$56.6	\$54.2

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted budget of \$10.2 million represents 4.3 percent of the FY 2006/07 General Fund Operating Budget of almost \$236.0 million. The FY 2006/07 adopted budget is \$2.2 million more than the FY 2005/06 adopted budget. The increase in commodities is attributable to a general increase in commodities costs.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$10.2	\$10.2*
2005/06	\$8.0	\$8.0*
2004/05	\$6.1	\$7.1
2003/04	\$4.8	\$5.1
2002/03	\$5.5	\$5.5

Capital Outlay includes the purchase of land, the purchase of construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The adopted budget of \$1.1 million represents 0.4 percent of the FY 2006/07 General Fund Operating Budget of nearly \$236.0 million. The majority of the adopted FY 2006/07 Capital Outlays budget of \$1.1 is related to vehicles and equipment for the 61.88 approved new FTE.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$1.1	\$1.1*
2005/06	\$1.4	\$1.4*
2004/05	\$1.1	\$0.3
2003/04	-	\$0.3
2002/03	\$0.1	\$0.4

Debt Service paid from the General Fund, is primarily contractual debt related to sales tax development agreements, and will vary based on the actual sales tax collections at each developed site. The FY 2006/07 budget of \$6.0 million represents 2.6 percent of the FY 2006/07 General Fund Operating Budget of almost \$236.0 million. The FY 2006/07 budget of \$6.0 million is \$0.5 million more than the FY 2005/06 adopted budget. The General Fund debt service is comprised of \$5.1 million in Contracts Payable and \$0.9 million in Certificates of Participation for FY 2006/07 as follows:

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Adopted Fiscal Year	Actual/ Budget	Estimate*
2006/07	\$6.0	\$6.0*
2005/06	\$5.5	\$5.5*
2004/05	\$12.1	\$4.3
2003/04	\$11.5	\$9.8
2002/03	\$13.3	\$12.7

Contracts Payable of \$5.1 million represents debt related to sales tax development agreements such as the Nordstrom Garage Lease, Hotel Valley Ho and the Promenade Agreement.

Certificates of Participation (COP) are instruments whereby the City enters into a lease-purchase agreement for the acquisition, operation and/or maintenance of a project. COPs are secured by a budgeted appropriation made each year by the City. At the completion of the lease period, the City owns the project. In FY 2005/06, the City issued \$7.65 million of COPs for the acquisition of the police/fire administration building. The COPs are payable over ten years at an average interest cost of 3.29 percent and are callable at the City's option after July 1, 2008. The FY 2006/07 forecast assumes a debt payment of \$0.9 million related to the purchase of the building.

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. Transfers-Out in FY 2006/07 total \$56.5 million and includes \$5.3 million to the Capital Fund to cover the cost of on-going capital maintenance. The adopted budget also includes a transfer-out of \$5.6 million to the Capital Fund for Public Safety radio replacement and upgrades. In addition another \$34.5 million will be transferred to the Capital Fund for pay-as-you-go capital projects. Furthermore, \$2.9 million will be transferred-out to the Transportation Fund for transportation related operating costs (subsidy), \$2.5 million will be transferred to the Self-Insurance Fund, and \$0.2 million will be transferred to the Special Programs Fund for the Affordable Housing program grant match (\$0.1 million), neighborhood revitalization (\$0.1 million), for the preservation and maintenance of properties on Scottsdale's Historic Register (\$10K).

General Fund Balance/Reserves/Operating Contingency

Fund Balance/Reserves/Operating Contingency protects the City's financial condition and provides for unexpected economic challenges. Growth of fund balance occurs when revenues exceed expenditures. Fund balances are similar to a company's net equity (assets less liabilities) and should only be used for nonrecurring (non-operational) expenditures, since once they are spent they are only replenished by future year resources in excess of expenditures.

The City's budget planning and adopted financial policies call for the establishment of reserves and an operating contingency as part of the resource allocation/limit setting process. The process allows the City to "set aside savings" before it is allocated or spent as budgeted expenditures. The specific make-up of City's fund balance, reserves and operating contingency are noted below.

General Fund Reserve continues the City's adopted financial policy of setting aside a reserve to protect Scottsdale in times of emergency. This is the City's "savings account," and it is important to note that most of these funds are from "carry over", and once they are spent it will be difficult, if not impossible, to rebuild the reserve. It is financially prudent to have a minimum General Fund Reserve of 10.0 percent of the General and Highway User Revenue Funds total annual operating costs. For FY 2006/07, the General Fund Reserve includes an additional \$4.0 million for potential settlements related to ongoing privilege tax audit refunds. Based on the revenue and expenditure estimates included in the adopted budget, the ending FY 2006/07 General Fund Reserve is projected to be approximately \$30.5 million. Maintaining the General Fund Reserve is very important to the municipal credit rating agencies and in retaining the City's triple AAA bond ratings. It should be noted that the revenue sources that help build the General Fund Reserve during good economic times are considered "elastic" and, therefore, are subject to downturns during recessionary times.

Operating Contingency includes \$2.5 million of basic operating contingency to meet unforeseen expenses during the fiscal year. Based on City Council's action at the June 6, 2006 final budget adoption, an additional \$4.2 million was added to the FY 2006/07 operating contingency using the unreserved fund balance. The additional \$4.2 million of operating contingency is for the following: \$0.5 million for youth sports field maintenance, \$0.2 million for a downtown marketing program, \$2.2 million for the acquisition, renovation, and maintenance of the Villa Monterey Golf Course Property, and \$1.3 million to cover a potential increase in the employer's share of healthcare costs. City Council approval will be required before the funds can be transferred from the contingency to an operating department budget.

Open Purchase Order Reserves and Liabilities Reserves of \$5.0 million provides a funding source for year-end carryover budget expenditures and liabilities reserves.

Unreserved Fund Balance is the remainder after considering all of the other reserves/uses. The ending unreserved fund balance is forecast at approximately \$0.2 million, which represents the cumulative General Fund revenues not designated for a specific purpose. This balance represents an accumulation of one-time revenues and is most appropriately used for one-time expenditures, such as capital project funding. Under prudent fiscal management practices, this amount should not be used to fund new or expanded programs with ongoing operating expenses.

Special Revenue Funds

Description

The City uses four separate Special Revenue Funds to account for the activity of restricted revenues and designated expenditure uses for FY 2006/07. The individual funds are: Transportation, Preservation Privilege Tax, Special Programs, and Grants. The applicable specific revenues, expenditures and fund balances of the individual Special Revenue Funds, along with each fund’s purpose, are described below:

Transportation Fund

Fund Purpose

The Transportation Fund receives and expends the City’s allocation of the Arizona Highway User Revenue Tax (HURF) as well as the City’s Transportation Sales Tax (.20%) revenue and other transportation related revenues. The amount of HURF available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance, or transit. The State of Arizona requires the City to establish and maintain an accounting for Highway User Revenue funds. The fund also accounts for the 1989 voter approved Transportation Privilege (Sales) Tax (.20%), which is dedicated to funding transportation improvements and operations. Per an adopted financial policy, the budget assumes a transfer of 50% of the Transportation Privilege (Sales) Tax to the Capital Improvement Fund for transportation related capital improvement projects.

Transportation Fund Revenues and Transfers-In

Highway User Revenue Tax (“Gas Tax”) is distributed by the State of Arizona based upon the population of each city and the county of origin for the sales of fuel. The State constitution requires that all highway user revenue be used solely for street, highway or transit purposes. The cities share in the State collected highway user revenues based half on population, and half on the origin of the gas sale. The adopted FY 2006/07 budget of \$15.6 million represents an increase of \$0.5 million (3.6%) from the FY 2005/06 year-end estimate. Forecasted revenue growth is based on Scottsdale’s population growth relative to other Arizona cities, as impacted by the mid-decade Special Census, as well as projected fuel sale activity for Maricopa County.

Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$15.6	\$15.6*
2005/06	\$15.0	\$15.1*
2004/05	\$13.9	\$14.5
2003/04	\$13.5	\$14.0
2002/03	\$13.1	\$13.4

Transportation Privilege Sales Tax represents the .20 percent of the City’s sales tax dedicated solely to transportation. Please note there is a difference between the transportation and preservation privilege tax revenue amounts, which is attributable to differences in the taxing provisions for each of the revenues. The adopted FY 2006/07 budget of \$22.1 million represents an increase of \$1.4 million (6.5%) from the FY 2005/06 year-end estimate. Staff’s projected increase in revenues is based on estimated economic growth in sales activity for Scottsdale.

Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$22.1	\$22.1*
2005/06	\$18.3	\$20.7*
2004/05	\$16.2	\$18.1
2003/04	\$15.5	\$16.4
2002/03	\$16.4	\$15.3

Local Transportation Assistance Fund (LTAF) Revenue (“State Lottery”) is distributed by the State of Arizona based upon population as well as City and town participation in the lottery. The adopted FY 2006/07 budget of \$1.1 million remains flat with the FY 2005/06 year-end estimate due to the restrictions by the State. The state-wide LTAF revenue sharing was capped by the State at a total of \$20.5 million in 1989 by the Arizona state legislature, resulting in no growth in this segment of intergovernmental transportation revenue.

Local Transportation Assistance Fund Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.1	\$1.1*
2005/06	\$1.1	\$1.1*
2004/05	\$1.1	\$1.1
2003/04	\$1.1	\$1.1
2002/03	\$1.1	\$1.1

Proposition 400 Regional Sales Tax represents the City’s allocation of the 1.0 percent regional sales approved by Maricopa County voters in November 2004 for transportation and transit enhancements. Based on estimates from regional agencies, the City expects to receive its first operating budget allocation, estimated at \$0.3 million, from this regional sales tax in the 2006/07 fiscal year.

Transfers-In from the General Fund and the Solid Waste Fund support the Transportation Fund program expenditures. The General Fund and the Solid Waste Fund are budgeted to provide \$2.9 million and \$0.3 million, respectively, to support the programs of the Transportation Fund, which corresponds with the total resources needed to balance the budgeted operating and capital expenditures in the Transportation Fund.

Transportation Fund Expenditures By Expenditure Type

The Transportation Fund expenditures are presented by five major expenditure categories: personal services, contractual services, commodities, capital outlay, and debt service plus transfers-out to other funds as noted below:

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The adopted FY 2006/07 personal services budget of \$6.5 million represents 23.2 percent of the total Transportation Fund operating budget for FY 2006/07 and represents an increase of \$0.6 million from the FY 2005/06 adopted budget. The budget increase is due to increased staffing needs, a 3.0 percent market adjustment, and increased health and retirement costs. The budget includes approximately \$0.2 million for 3.0 FTEs for citizen services and community growth pertaining to transportation needs.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$6.5	\$6.5*
2005/06	\$5.9	\$5.9*
2004/05	\$5.0	\$4.9
2003/04	\$5.0	\$3.6
2002/03	\$5.0	\$4.9

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted FY 2006/07 contractual services budget of \$20.7 million represents 74.1 percent of the total Transportation Fund operating budget for FY 2006/07 and represents an increase of \$1.8 million from the FY 2005/06 adopted budget. The budget increase is related to increased service-level demands related to public transit and street and alleyway maintenance.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$20.7	\$20.7*
2005/06	\$18.9	\$18.9*
2004/05	\$16.6	\$16.4
2003/04	\$15.4	\$15.0
2002/03	\$15.8	\$16.2

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted FY 2006/07 commodities budget of \$0.7 million represents 2.5 percent of the total Transportation Fund operating budget for FY 2006/07 and represents an increase of less than \$0.1 million from the FY 2005/06 adopted budget. The budget increase is due to increased need for maintenance, repair, and replacement supplies due to enhanced street and alleyway maintenance.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.7	\$0.7*
2005/06	\$0.6	\$0.6*
2004/05	\$0.5	\$0.6
2003/04	\$0.5	\$0.5
2002/03	\$0.6	\$0.8

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The adopted FY 2006/07 capital outlay budget of \$0.1 million represents 0.2 percent of the total Transportation Fund operating budget for FY 2006/07 and a slight decrease from the FY 2005/06 adopted budget.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$57,600	\$57,600*
2005/06	\$70,500	\$70,500*
2004/05	-	\$2,704
2003/04	-	-
2002/03	-	\$0.1

Debt Service the debt consists of payment for the Highway User Revenue Bonds along with the applicable annual fiscal agent fees. The adopted FY 2006/07 debt service budget of \$3.2 million represents 10.1 percent of the total Transportation Fund operating budget for FY 2006/07 and remains relatively flat with the FY 2005/06 adopted budget. The Highway User Revenue Bonds are slated to be fully repaid in FY 2006/07.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$3.2	\$3.2*
2005/06	\$3.1	\$3.1*
2004/05	\$3.1	\$3.1
2003/04	\$3.1	\$3.1
2002/03	\$3.1	\$3.1

**See glossary for
Expenditure Type definitions**

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. Per adopted financial policy, the budget assumes 50% of Transportation Privilege Tax revenue will be transferred annually to the Capital Projects Fund to cover the cost of transportation system improvement operating costs.

Transportation Fund Balance

The projected FY 2006/07 Transportation Fund ending balance is projected to be zero. Typically, this fund does not have a planned fund balance due to its reliance on the General Fund to make up the difference between revenues and expenditures each year.

Preservation Privilege Tax Fund

Fund Purpose

This fund accounts for the portion of the City's Privilege (Sales) Tax (.35%) dedicated to the purchase of 36,400 acres of land within the McDowell Sonoran Preserve. In 1995, voters approved increasing the City's sales tax rate by (.20%) for the purchase of land within the McDowell Sonoran Preserve. In May 2004, voters approved an additional (.15%) in the City's sales tax rate dedicated to the McDowell Sonoran Preserve land acquisition. As with the 1995 tax, the 2004 tax covers the purchase of land within the preserve plus the construction of essential preserve related necessities such as proposed trailheads.

Revenue collections and contractual debt associated with purchased preserve land are accounted for in this fund. A transfer is made to the Debt Service Fund to pay debt service payments associated with bonds issued for land purchases.

Preservation Privilege Tax Fund Revenues

1995 Preservation Privilege (Sales) Tax represents the voter approved .20 percent of the City's sales tax dedicated to the purchase of 36,400 acres of land within the McDowell Sonoran Preserve. The FY 2006/07 budget of \$22.1 million represents an increase of approximately \$1.4 million (6.5%) from the FY 2005/06 year-end estimate. Please note there is a difference between the transportation and preservation privilege revenue tax amounts, which is attributable to differences in the taxing provisions for each of the revenues. The projected increase in revenues by staff is based on estimated economic growth in sales activity for Scottsdale.

1995 Preservation Privilege (Sales) Tax Revenue		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$22.1	\$22.1*
2005/06	\$18.8	\$20.7*
2004/05	\$16.8	\$18.5
2003/04	\$16.1	\$16.7
2002/03	\$16.6	\$15.6

2004 Preservation Privilege (Sales) Tax represents the voter approved .15 percent of the City's sales tax dedicated to the purchase of 36,400 acres of land within the McDowell Sonoran Preserve plus construction of essential preserve related necessities such as proposed trailheads. The FY 2006/07 budget of \$16.5 million represents an increase of approximately \$1.0 million (6.5%) from the FY 2005/06 year-end estimate. The projected increase in revenues by staff is based on estimated economic growth in sales activity for Scottsdale.

2004 Preservation Privilege (Sales) Tax Revenue		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$16.5	\$16.5*
2005/06	\$14.5	\$15.5*
2004/05	\$11.7	\$11.6
2003/04	-	-
2002/03	-	-

Interest Earnings is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investments in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield. The FY 2006/07 budget of \$0.8 million is on par with the FY 2005/06 year-end estimate. The projected increase in interest earnings by staff is based on current interest rates and the estimated available cash balance.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.8	\$0.8*
2005/06	\$0.7	\$0.8*
2004/05	\$0.5	\$0.5
2003/04	\$0.5	\$0.5
2002/03	\$0.5	\$0.7

Preservation Privilege Tax Fund Expenditures By Expenditure Type

There are no direct operating expenditures in the Preservation Privilege Tax Fund. All of the expenditures in this fund are for debt service on Preserve General Obligation and Revenue Bonds and transfers-out to the Capital Project Fund for land acquisition and construction of essential preserve related necessities such as proposed trailheads.

Debt Service adopted budget for FY 2006/07 of approximately \$1.0 million remains flat with the FY 2005/06 adopted budget and consists of contractual debt for the McDowell Sonoran Preserve.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.0	\$1.0*
2005/06	\$1.0	\$1.0*
2004/05	\$1.0	\$1.0
2003/04	\$0.9	\$1.0
2002/03	\$0.9	\$1.0

See glossary for
Expenditure Type definitions

Transfers-Out is authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The FY 2006/07 adopted budget of \$24.1 million consists of \$22.0 million in transfers out to the Debt Service Fund for debt payments on Preservation bonds and \$2.1 million related to capital improvement plan land acquisition.

Preservation Privilege Tax Fund Balance

The projected ending fund balance for FY 2006/07 is \$48.6 million, consisting of \$11.3 million related to the 1995 privilege tax (0.20%) and \$37.3 million related to the 2004 privilege tax (0.15%).

Special Programs Fund

Fund Purpose

This fund is used to account for dedicated funding sources and donations earmarked for specific purposes. All revenues not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose.

Special Programs Fund Revenues

Transient Occupancy (“Bed”) Tax Revenue comes from the City collecting a 3.0 percent Transient Occupancy Tax on hotel and motel room rentals in addition to the sales tax. Per City Ordinance 2045/2291 (amended), 80 percent of this tax revenue is restricted for tourism and hospitality purposes and pays for contracts to increase tourism and debt service for destination attractions. Therefore, 80 percent of this revenue is reflected in the Special Revenue – Special Programs Fund. The remaining 20 percent may be used for general government operations and is accounted for in the General Fund. The adopted FY 2006/07 budget of approximately \$7.5 million reflects a \$0.4 million or 5.0 percent increase from the FY 2005/06 year-end estimate of \$7.1 million. A strengthening national economy has given a boost to bed tax revenues this past year. Scottsdale’s increase in revenue for FY 2006/07 was developed using information received locally from the Tourism Development Commission as well as national trends in the tourism industry.

Transient Occupancy (Bed) Tax Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$7.5	\$7.5*

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 • **Note:** Prior to FY 2006/07 100% of the bed tax was accounted for in the General Fund.
 • See the General Fund Transient Occupancy revenue description on page 72 for further details on the accounting change.

Courts Revenue originates from three sources: Court Enhancement Fund (CEF), Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG). The Court Enhancement Fund was established by Scottsdale City Ordinance 2570 section 9-7.2 and provides funding to enhance the technological, operational, and security facilities of the Court. JCEF and FTG were established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013, which provide funding for maintaining and enhancing the Court’s ability to collect and manage monies. Staff estimates the FY 2006/07 budget for restricted Court Revenue is \$1.2 million.

Court Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.2	\$1.2*
2005/06	\$1.0	\$1.3*
2004/05	\$0.6	\$0.9
2003/04	\$0.6	\$0.7
2002/03	\$0.6	\$0.6

Downtown Cultural Trust Revenue - This account holds funds generated from donations and contributions from private development as outlined in the City’s art in private development Ordinance (Section 5.083). The FY 2006/07 budget for this revenue source is \$49,000.

Community Arts Trust Revenue - This account holds funds that are generated by the lease agreement with the Scottsdale Artists’ School at Loloma. The FY 2006/07 budget for this revenue source is \$36,000.

Downtown Cultural/Arts Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.1	\$0.1*
2005/06	\$0.7	\$0.7*
2004/05	\$0.3	\$0.1
2003/04	-	\$0.1
2002/03	-	-

Human Resources – Cultural Diversity Revenue includes corporate sponsorship obtained through community outreach efforts in support of cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration. The FY 2006/07 budget for this restricted revenue source is \$10,000.

Human Resources Cultural Diversity Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$10,000	\$10,000*
2005/06	\$9,500	\$10,000*
2004/05	\$7,200	\$6,500
2003/04	-	\$7,500

Police Revenue includes money from the following five sources: (1) Racketeering Influenced Corrupt Organization (RICO) funds, which is only to be used for law enforcement purposes; (2) Forensic Services Intergovernmental Agreements (IGA) with surrounding communities for full cost recovery of crime laboratory services provided; (3) donations for the Mounted Unit and Family Advocacy Center; (4) drug conviction assessments, which may only be used for crime laboratory analysis purposes; and (5) funds for school resource education supplies. Staff estimates the FY 2006/07 budget for this restricted revenue source is \$0.7 million.

Police Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.7	\$0.7*
2005/06	\$0.9	\$0.8*
2004/05	\$0.4	\$0.7
2003/04	\$0.3	\$0.4
2002/03	\$0.3	\$0.3

Community Services Revenue includes donations and contributions that are to be spent for the specific purpose indicated by the donors. This may include enhancing parks, libraries and human services, providing memorials, covering the expenses associated with special events, providing funds to community support agencies (Scottsdale Cares), and maintaining and operating the train, carousel, and park facilities at the McCormick-Stillman Railroad Park. This revenue also includes McCormick-Stillman Railroad Park revenue generated from the operations of the train and carousel owned by the Scottsdale Railroad and Mechanical Society. Staff estimates the FY 2006/07 budget for this restricted revenue source is \$1.5 million.

Community Services Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.5	\$1.5*
2005/06	\$2.5	\$1.4*
2004/05	\$1.4	\$1.4
2003/04	\$1.6	\$1.7
2002/03	\$1.5	\$2.0

Citizen and Neighborhood Resources Revenue includes 50 percent of the total amount of fines collected for code enforcement violations. The proceeds from the fines are used to pay for any property abatement procedures necessary to clean up a property and a lien is placed on the property if the owner does not pay the City's cost of the clean up. In FY 2006/07, the budget for this restricted revenue source is \$25,000.

Citizen & Neighborhood Resources Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$25,000	\$25,000*
2005/06	\$15,172	\$54,000*
2004/05	\$19,700	\$33,933
2003/04	\$68,800	\$10,200
2002/03	-	\$903

Planning and Development Services Revenue originates from the Green Building Program fees. The Green Building Program is a whole-systems approach utilizing design and building techniques to minimize environmental impact and to reduce the energy consumption of a building while contributing to the health of its occupants. The program fees are used to fund promotion, education, and public outreach to pro-actively campaign for environmentally responsible buildings in the City. The FY 2006/07 budget for this restricted revenue source is approximately \$19,000.

Planning & Development Svcs Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$19,215	\$19,215*
2005/06	\$23,500	\$31,700*
2004/05	\$20,600	\$24,150
2003/04	\$20,000	\$23,200
2002/03	\$42,500	\$20,475

Fire Revenue includes donations and contributions that are to be used for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition, and fire station enhancements. The FY 2006/07 budget for this restricted revenue source is approximately \$4,000.

Fire Revenue Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$4,140	\$4,140*
2005/06	\$1,200	\$1,200*
2004/05	-	\$150
2003/04	-	-
2002/03	-	-

Transfers-In from the General Fund are budgeted for the Affordable Housing program in Human Services, which is used as a local grant match to leverage federal and state housing grant funds, and for the preservation and maintenance of properties on Scottsdale’s Historic Register. Additional General Fund transfers-in to the Special Programs Fund includes funding for neighborhood preservation managed by the Preservation program.

Special Programs Fund Expenditures

NOTE: As a general practice, all Special Program Fund expenditures reflected in the budget are equal to 100% of the beginning fund balance plus any anticipated revenues. This practice creates maximum budget flexibility and reduces the likelihood of using contingency. The Transient Occupancy Tax is an exception to this practice as this ending fund balances tends to be larger and therefore is not budgeted until specific needs are identified. The ending fund balance is carried forward to future periods.

Transient Occupancy (“Bed”) Tax Expenditures per City Ordinance 2045/2291 (amended), the use of these funds is restricted for tourism and hospitality purposes and pays for contracts to increase tourism and debt service for destination attractions. The FY 2006/07 budget of approximately \$7.0 million includes the destination marketing contract of \$6.5 million.

Transient Occupancy Bed Tax Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2006/07	\$7.0	\$7.0*

Court Expenditure budget for FY 2006/07 is \$3.6 million and includes the following specific uses:

Enhancements to the Court’s technological, operational, and security facilities, as allowed under the Court Enhancement Fund (CEF) established by Scottsdale City Ordinance 2570 section 9-7.2.

Maintenance and enhancement of the Court’s ability to collect and manage monies, as allowed by Judicial Collections Enhancement Fund (JCEF) and Fill-the-Gap (FTG) established by Arizona Revised Statutes (ARS) 12-116 (A) (B) and Senate Bill (SB) 1013.

The increase for FY 2006/07 is a result of the general practice noted above - to budget 100 percent of the beginning fund balance plus any anticipated revenues. Again, this practice creates maximum budget flexibility and reduces the likelihood of using contingency.

Court Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2006/07	\$3.6	\$3.6*
2005/06	\$2.1	\$0.3*
2004/05	\$0.3	\$0.3
2003/04	\$0.3	\$0.2
2002/03	\$0.1	\$0.1

Downtown Cultural/Community Arts Expenditures special programs adopted budget for FY 2006/07 is approximately \$0.7 million and will support the arts and special events in the downtown.

Downtown Cultural/Arts Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.7	\$0.7*
2005/06	\$1.0	\$0.5*
2004/05	\$0.3	\$0.0
2003/04	-	\$0.1
2002/03	-	-

Human Resources – Cultural Diversity Expenditures support cultural programming, including the Cross-Cultural Communication Series and the Hispanic Heritage Community celebration. The adopted budget for FY 2006/07 is approximately \$16,000.

Human Resources – Cultural Diversity Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$16,000	\$16,000*
2005/06	\$14,000	\$14,000*
2004/05	\$7,200	\$3,429
2003/04	-	\$613
2002/03	-	-

Police Expenditures budget for FY 2006/07 is \$0.9 million and includes the following specific uses:

Racketeering Influenced Corrupt Organization (RICO) funds may only be used for law enforcement purposes.

Crime laboratory services expenditures incurred by the City on behalf of surrounding communities. The City recovers the full cost of the crime laboratory services through Forensic Services Intergovernmental Agreements (IGA).

Mounted Unit, Family Advocacy Center and school resource education supplies, as specified by the donor.

Crime laboratory analysis, as outlined in drug conviction assessments.

Police Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
006/07	\$0.9	\$0.9*
2005/06	\$0.9	\$0.5*
2004/05	\$0.4	\$0.5
2003/04	\$0.3	\$0.3
2002/03	\$0.3	\$0.3

Community Services Expenditures budget for FY 2006/07 is \$4.2 million. The use of funds is based on the specific purpose indicated by the donors. This includes enhancing parks, libraries and human services, providing memorials, covering the expenses associated with special events, providing funds to community support agencies (Scottsdale Cares), and maintaining and operating the train, carousel, and park facilities at the McCormick-Stillman Railroad Park.

Community Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$4.2	\$4.2*
2005/06	\$2.8	\$2.8*
2004/05	\$2.4	\$1.6
2003/04	\$2.4	\$1.5
2002/03	\$2.0	\$1.2

Preservation Rehabilitation special programs adopted budget for FY 2006/07 is approximately \$0.1 million to assist in the preservation and maintenance of properties on Scottsdale's historic register.

Preservation Rehabilitation Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$110,000	\$110,000*
2005/06	\$10,000	\$10,000*
2004/05	\$10,000	-
2003/04	-	-
2002/03	-	-

Citizen and Neighborhood Resources Expenditures budget for FY 2006/07 is approximately \$0.1 million. Funds are used for any property abatement procedures necessary to clean up a property when an immediate health and/or safety situation exists. If the owner does not pay the City's cost of the clean up, the City then places a lien on the property.

Citizen and Neighborhood Resources Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$97,207	\$97,207*
2005/06	\$15,172	\$15,172*
2004/05	\$19,700	\$10,725
2003/04	\$68,800	\$0
2002/03	-	\$903

Planning and Development Services Expenditures relate to the promotion, education, and public outreach campaign for environmentally responsible buildings in the City. The FY 2006/07 adopted budget is \$50,000.

Planning and Development Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2006/07	\$50,000	\$50,000*
2005/06	\$23,500	\$23,500*
2004/05	\$20,600	\$12,401
2003/04	\$20,000	\$18,700
2002/03	\$42,500	\$14,066

Fire Expenditures are spent for the specific purpose indicated by the donors. Categories include public education support, equipment acquisition, and fire station enhancements. The FY 2006/07 adopted budget is approximately \$4,000.

Fire Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/ Estimate*
2006/07	\$4,300	\$4,290*
2005/06	\$1,200	\$1,200*
2004/05	-	-
2003/04	-	-
2002/03	-	-

Transfers-Out is the authorized movement of cash or other resources to fund debt service and/or capital projects. Transfers total approximately \$0.9 million for FY 2006/07 and include the transfer of \$0.7 million in bed tax funds for MPC debt, and \$0.2 million to the Capital Improvement Fund for RICO and Community Services projects.

Special Programs Fund Balance

Special Programs Fund projected ending balance of approximately \$2.1 million for FY 2006/07 represents the balance of unexpended bed tax revenues.

Special Districts Fund

Fund Purpose

This fund is used to account for proceeds received by property owners in return for the City providing agreed-upon increased levels of municipal services beyond the standard level of core City services. More specifically, the fund is used to account for the City’s streetlight districts. All revenue not expended in the current fiscal year is carried over to the next fiscal year to continue funding the intended purpose.

Special Districts Fund Revenue

Streetlight Districts Revenue represents the levy assessed on property owners within each of the City’s more than 350 streetlight districts. The adopted FY 2006/07 revenue budget is \$0.6 million, which is on par with the prior year budget.

Streetlight District Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.6	\$0.6*
2005/06	\$0.6	\$0.6*
2004/05	\$0.5	\$0.5
2003/04	\$0.5	\$0.5
2002/03	\$0.5	\$0.5

Special Districts Fund Expenditures

Streetlight District adopted FY 2006/07 expenditure budget equals the revenue budget of \$0.6 million and will be used solely for contractual services.

Streetlight District Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.6	\$0.6*
2005/06	\$0.6	\$0.6*
2004/05	\$0.6	\$0.5
2003/04	\$0.5	\$0.6
2002/03	\$0.5	\$0.5

Special Districts Fund Balance

Special Districts Fund balance of approximately \$0.8 million represents cash received from special district assessments and is restricted for the specific uses for which the district was established. All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose.

Grant Fund

Fund Purpose

This fund receives and expends the City’s federal, state, and local grant revenues. The amount of grants received is generally based upon application to granting agencies by the City and upon availability of funding by the grantors. Grant revenues may be used only for the stated purpose in the approved grant agreement and are subject to grantor expenditure guidelines and audits. The City will only expend grant funds that have been appropriately awarded by the granting agency and accepted by City Council in a public meeting.

The City aggressively seeks grant funding to leverage City funds to address priority program and service needs. The major areas of the grant revenue budget are noted below:

Grant Fund Revenue by Grant Area

Community Development Block Grants (CDBG) and Section 8 Housing Grants are awarded annually by the U.S. Department of Housing and Urban Development (HUD) upon application for funding by the City. These grant revenues may only be used for those projects specifically approved in the grant application and are subject to agency expenditure guidelines and audits. Staff estimates the CDBG and Section 8 Housing Grants for FY 2006/07 to be \$2.2 million and \$5.5 million, respectively, for a total of \$7.7 million.

CDBG and Section 8 Housing Grants Revenue		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$7.7	\$7.7*
2005/06	\$7.6	\$7.6*
2004/05	\$6.8	\$6.6
2003/04	\$6.7	\$6.7

HOME Grants are received from the Maricopa County Home Consortium and are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. Staff estimates the HOME Grants will total \$0.4 million for FY 2006/07.

HOME Grants Revenue		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.4	\$0.4*
2005/06	\$0.9	\$0.9*
2004/05	\$0.5	\$0.3
2003/04	\$0.7	\$0.7
2002/03	\$0.3	-

Miscellaneous Federal & State Grants include grants for law enforcement, community service, transportation, and water service projects. Staff estimates miscellaneous grants will total \$12.2 million for FY 2006/07.

Miscellaneous Federal & State Grants Revenue		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$12.2	\$12.2*
2005/06	\$15.0	\$15.0*
2004/05	\$13.4	\$3.1
2003/04	\$5.1	\$5.1
2002/03	\$4.7	\$1.3

Grant Fund Expenditures by Grant

Information on Grant Fund expenditures is noted below:

Community Development Block Grants (CDBG) and Section 8 Housing Grants are used for social and housing services for the elderly, disabled and low-income families. The FY 2006/07 combined adopted budget is \$7.7 million, reflecting an increase of \$0.2 million from the FY 2005/06 adopted budget.

CDBG and Section 8 Housing Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$7.7	\$7.7*
2005/06	\$7.6	\$7.5*
2004/05	\$6.8	\$6.9
2003/04	\$6.7	\$6.7
2002/03	\$5.4	\$5.9

HOME Grants are to be used to provide affordable housing, expand the capacity of non-profit housing providers, strengthen the ability of local governments to provide housing, and leverage private-sector participation in housing. The FY 2006/07 adopted budget is \$0.4 million, reflecting a \$0.5 million decrease from the adopted FY 2005/06 budget.

HOME Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.4	\$0.4*
2005/06	\$0.9	\$0.9*
2004/05	\$0.5	\$0.3
2003/04	\$0.7	\$0.7
2002/03	\$0.3	-

Miscellaneous Federal & State Grants are typically used for the purchase of equipment and services related to the Police, Community Services and Water Resources departments. The FY 2006/07 adopted budget of \$12.2 million reflects a decrease of \$2.8 million from the FY 2005/06 budget.

Miscellaneous Federal & State Grants Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$12.2	\$12.2*
2005/06	\$15.0	\$15.0*
2004/05	\$13.2	\$4.0
2003/04	\$5.1	\$5.1
2002/03	\$4.7	\$1.3

Grant Fund Balance

The Grant Fund balance can fluctuate widely from year to year due to the nature of the specific grants that have been awarded. Most of the City’s grant awards are “expenditure driven” reimbursement grants, meaning the City is reimbursed after the grant-related expenditure is made for the intended purpose. On a less frequent basis, the City is awarded “endowment” type grants, which means the City actually receives the grant funding prior to making the expenditure.

Debt Service Fund

Fund Purpose

This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds, with the exception of the General Fund. The General Fund includes Contracts Payable for contractual debt related to sales tax development agreements, and will vary based on the actual sales tax collections at each development site. The applicable specific revenues, expenditures, and fund balance of the Debt Service Fund are described below:

Debt Service Fund Revenues and Transfers-In

Property Tax (Secondary) represents the portion of the property tax that is exclusively limited to pay debt service by Arizona State Statute. While the growth is not limited on the primary portion of the property tax, the City's use of this portion of the property tax is restricted by State Statute to solely pay debt service on voter approved general obligation bonds. The debt service for bonds already issued, plus estimated debt service for bonds planned to be issued within the budgeted fiscal year, is levied. Secondary property tax accounts for 49 percent of the total Debt Service resources. The FY 2006/07 revenue forecast of \$28.7 million represents an increase of approximately \$0.3 million or 1.1 percent from the FY 2005/06 year-end forecast of \$28.4 million.

Property Tax (Secondary) Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$28.7	\$28.7*
2005/06	\$28.4	\$28.4*
2004/05	\$26.9	\$26.5
2003/04	\$25.5	\$25.3
2002/03	\$22.8	\$22.4

Special Assessment Revenue results from billings to the property owners within an Improvement District. Districts are formed when owners desire improvement to their property, such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City's budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. The FY 2006/07 revenue is estimated to be approximately \$1.1 million, which is nearly equal to the FY 2005/06 year-end estimate based on scheduled debt repayments. Improvement District debt will be permitted only when the full cash value of the property, as reported by the Maricopa County Assessor's Office, to debt ratio (prior to improvements being installed) is a minimum of 3:1 prior to issuance of debt and 5:1 or higher after construction of improvements. Should the full cash value to debt ratio not meet the minimum requirements, property value may be determined by an appraisal paid for by the applicant and administered by the City. In addition, per adopted financial policy, the City's cumulative improvement district debt will not exceed 5.0 percent of the City's secondary assessed valuation. Bonds issued to finance improvement district projects will not have maturities longer than ten years.

Special Assessment Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.1	\$1.1*
2005/06	\$1.1	\$1.1*
2004/05	\$2.8	\$2.0
2003/04	\$2.9	\$2.6
2002/03	\$2.6	\$2.3

Maricopa County Stadium District (MCSD)

Contributions are derived from a \$2.50 surcharge on car rentals in Maricopa County. The revenue forecast for FY 2006/07 of slightly less than \$0.1 million will be used to pay the debt services payments associated with the San Francisco Giants professional baseball practice facility.

Maricopa County Stadium District Contributions		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.1	\$0.1*
2005/06	\$0.1	\$0.1*
2004/05	-	\$0.3
2003/04	-	-
2002/03	-	-

Arizona Sports and Tourism Authority (AZSTA)

Contributions revenue represents the City's disbursement from the state tourism sports authority that will be used to pay the debt service payments associated with the Cactus League. The revenue is derived from a 1.0 percent hotel room tax and a 3.25 percent car rental surcharge (net of the \$2.50 MCSD surcharge mentioned above). The FY 2006/07 revenue is estimated to be approximately \$0.2 million.

Arizona Sports and Tourism Authority Contributions		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.2	\$0.2*
2005/06	\$0.3	\$0.2*
2004/05	-	\$0.05
2003/04	-	-
2002/03	-	-

Spring Exhibition Surcharge represents the ticket surcharge assessed on San Francisco Giants spring training games held in Scottsdale. The surcharge is used to pay for capital projects and debt service related to professional baseball facilities. The FY 2006/07 revenue is estimated to be approximately \$0.1 million.

Spring Exhibition Surcharge		
Adopted Budget to Actual/Estimate*		
(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.1	\$0.1
2005/06	\$0.1	\$0.3*
2004/05	-	\$0.0
2003/04	-	-
2002/03	-	-

Transfers-In is the authorized movement of cash or other resources from other funds, divisions, departments, and/or capital projects. The transfers-in originate from the General Fund and Special Programs Fund for MPC debt service payments and the Preservation Privilege Tax Fund for the payment of general obligation and revenue bond debt service.

Debt Service Fund Expenditures by Debt Type

General Obligation (GO)/Preserve GO Bonds/ Preserve GO Bonds – Series 2005/2008 Debt Service – the Preserve GO Bonds represent debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. Preserve debt is repaid by a dedicated .20 percent sales tax authorized by voters in 1995 and a .15 percent sales tax authorized in 2004. The FY 2006/07 budget totals \$46.2 million, which represents an increase of approximately \$7.2 million or 19 percent from the FY 2005/06 year-end estimate of \$38.9 million. The FY 2006/07 variance in the debt service expenditure is attributable to lower debt costs in FY 2005/06, which were caused by a delay in the issuance of bonds and unanticipated bond premiums, which offset the debt expense. In addition, FY 2006/07 budget reflects a full year of debt service, whereas only a partial year of debt service was incurred on some bonds in FY 2005/06. The FY 2003/04 difference between budget and actual was primarily due to early debt defeasances.

General Obligation Bond Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$46.2	\$46.2*
2005/06	\$42.2	\$38.9*
2004/05	\$40.0	\$37.2
2003/04	\$35.1	\$44.0
2002/03	\$32.4	\$31.4

Special Assessment Debt Service – Special Assessment Bonds are issued for property owners desiring improvements to their property such as roads, water lines, sewer lines, streetlights, or drainage. The expenditure of funds to construct the specific capital improvements and to pay the debt service on bonds is appropriated as part of the City’s budget; however, the debt service is repaid by the property owners through a special assessment on their improved property. The City’s debt management policy requires that the full cash value of the property to debt ratio is a minimum of 3:1 prior to issuance of debt and at least 5:1 after construction of the improvements. The FY 2006/07 budget totals \$1.1 million, which is equal to the FY 2005-06 year-end estimate.

Special Assessment Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.1	\$1.1*
2005/06	\$1.1	\$1.1*
2004/05	\$2.8	\$2.8
2003/04	\$2.9	\$2.8
2002/03	\$2.6	\$2.3

Preserve Authority Revenue Bonds Debt Service

– the Preserve Authority Revenue Bonds represent prior debt issuances related to land acquisition in the McDowell Mountain Sonoran Preserve. All future preserve debt will be repaid from the dedicated 2004 Preservation Privilege (Sales) Tax (.15%) authorized by the voters on May 18, 2004. Obligations for FY 2006/07 total \$6.8 million, which is equal to the FY 2005-06 year-end estimate.

Preserve Authority Revenue Bonds Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$6.8	\$6.8*
2005/06	\$6.8	\$6.8*
2004/05	\$6.9	\$7.0
2003/04	\$6.9	\$6.3
2002/03	\$6.9	\$6.9

Municipal Property Corporation (MPC) Bonds

are issued by the City of Scottsdale Municipal Property Corporation (MPC), a nonprofit corporation created by the City in 1967, solely for the purpose of constructing, acquiring and equipping buildings, structures, or improvements on land owned by the City. A Board of Directors appointed by the City Council governs the MPC. The debt incurred by the corporation is a City obligation and the repayment of debt is financed by pledged General Fund excise taxes. FY 2006/07 obligations total \$5.9 million, which represents an increase of \$2.2 million over the FY 2005/06 forecast. This variance is due to two planned issues for FY 2005/06 being delayed until FY 2006/07 as well as a full year of debt service budgeted in FY 2006/07 versus only a partial year of debt service on some bonds in FY 2005/06.

MPC Bonds Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$5.9	\$5.9*
2005/06	\$4.8	\$3.7*
2004/05	\$7.6	\$6.1
2003/04	\$7.4	\$6.4
2002/03	\$7.4	\$7.4

Debt Service Fund Balance

The Debt Service Fund balance varies primarily due to the timing of debt issuances and related repayment schedule as mentioned above. The projected ending FY 2006/07 fund balance is approximately \$12.7 million, which is \$1.5 million less than the year-end estimate of \$14.2 million. This decrease is due in part to the planned use of fund balance in FY 2006/07 to offset debt service costs related to secondary property tax.

Enterprise Funds

Description

The City uses three separate Enterprise Funds to account for the activity of this proprietary fund type. The individual funds are Water & Sewer, Solid Waste, and Aviation. In the aggregate, the Enterprise Funds are the City’s second largest source of revenues, which are derived from user fees and charges. User fees and charges are established to promote efficiency by shifting payment of costs to specific users of services and avoiding general taxation. Moderate rate increases are included as part of this budget to offset increasing operating costs, mandated environmental standard compliance, and pay-as-you-go capital costs attributable to repair and replacement of infrastructure. The applicable specific revenues of the individual funds, along with each fund’s purpose, are described below.

Water & Sewer Funds

Fund Purpose

This fund accounts for the activity related to the City’s water and sewer business activity, including operating and debt service payments. The Water & Sewer Fund capital expenditures are accounted for in the Capital Improvement Plan (see Volume Three for project detail).

Overview of User Fees Revenue Policy

Enterprise User Fees rate adjustments are based upon five-year financial plans developed for each operation and are reviewed annually per the City of Scottsdale’s adopted financial policies to meet the stated objectives of:

- Equity — charges are borne by the beneficiaries of a project or service;
- Level distribution of necessary cost increases — to avoid large rate increases in any one year;
- Increasing debt as little as possible — to ensure that the City can meet bond coverage requirements and remain financially healthy;
- Rate design — which encourages conservation and efficient use of City resources.

Water & Sewer Funds Revenues and Transfers-In

Water Charges Revenue represents “user fees” charged to the party or parties that benefit directly from water services/usage. The adopted budget for FY 2006/07 totals \$79.8 million, reflecting a \$4.2 million increase from the FY 2005/06 year-end estimate. Projected revenue growth includes a 5.5 percent water rate increase, effective November 1, 2006, reflecting the capital and associated operating impacts of arsenic and disinfection by-product regulations enacted by the U.S. Environmental Protection Agency. The rate increase also addresses significant price increases in electricity and chemicals. In addition to the rate increase, the City recently issued \$88.4 million in new debt to meet the needs of the water enterprise fund that have been significantly impacted by the capital costs required to meet federal health and environmental regulations. The projected growth in revenues is based on a combination of increased water rates, growth from anticipated new customers, and a partial offset from decreased water consumption due to water conservation efforts. Monthly water billings consist of a base charge according to meter size and a variable charge for the amount of water consumed. Fees are reviewed annually to determine if they cover the costs of the services provided.

Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$79.8	\$79.8*
2005/06	\$75.1	\$75.6*
2004/05	\$71.8	\$70.6
2003/04	\$71.4	\$70.0
2002/03	\$65.9	\$66.7

Sewer Charges Revenue represents “user fees” charged to the party or parties that benefit directly from sewer services/usage. The adopted budget for FY 2006/07 totals \$30.4 million, reflecting a \$3.2 million increase from the FY 2005/06 year-end estimate. Projected revenue growth includes a 6.0 percent sewer rate increase, effective July 1, 2006, reflecting the capital improvements and associated operating impacts at the Multi-City 91st Avenue Wastewater Treatment Plant to serve existing customers. The rate increase also addresses price increases in electricity and chemicals, as well as additional costs for sewer collection system maintenance to ensure regulatory compliance with new Capacity, Management, Operations, and Maintenance regulations that are intended to minimize sewer system overflows. Residential customers are charged a flat fee per month and commercial users are charged based upon water consumption and type of business. Fees are reviewed annually to determine if they cover the costs of the services provided.

Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$30.4	\$30.4*
2005/06	\$28.3	\$27.2*
2004/05	\$26.1	\$26.8
2003/04	\$25.9	\$25.1
2002/03	\$26.8	\$25.5

Effluent Sales Revenue relate to the sewage treated to irrigation standards at the City’s Water Campus for the 23 golf courses in north Scottsdale that are part of the Reclaimed Water Distribution System, and the Gainey Ranch golf course effluent use from that regional wastewater plant. Both are contractual obligations to provide effluent water for irrigation uses and all costs for providing these services are recovered through rates charged for the use. The adopted budget for FY 2006/07 totals \$0.6 million, remaining relatively flat with the FY 2005/06 year-end estimate.

Effluent Sales Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.6	\$0.6*
2005/06	\$0.6	\$0.6*
2004/05	\$0.6	\$0.4
2003/04	\$0.4	\$0.6
2002/03	\$0.3	\$0.5

Interest Earnings Revenue adopted budget for FY 2006/07 totals \$1.5 million, reflecting a \$0.3 million increase from the FY 2005/06 year-end estimate. Interest earnings are generated on idle Water & Sewer Fund cash balances throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield, and allows investments in U.S. Treasury and Agency obligations, certificates of deposit, commercial paper, bankers’ acceptances, repurchase agreements, money market funds, and the State of Arizona’s Local Government Investment Pool.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.5	\$1.5*
2005/06	\$1.1	\$1.2*
2004/05	\$1.1	\$1.2
2003/04	\$2.1	\$0.9
2002/03	\$2.3	\$0.5

Miscellaneous Revenue adopted budget for FY 2006/07 totals \$2.3 million, reflecting a \$0.2 million increase from the FY 2005/06 year-end estimate. Receipts from the Central Groundwater Treatment Facility Superfund site are the primary revenue contributor.

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$2.3	\$2.3*
2005/06	\$2.1	\$2.1*
2004/05	\$1.3	\$1.7
2003/04	\$1.2	\$0.9
2002/03	\$3.9	\$7.1

Transfers-In is the authorized movement of cash or other resources from other funds, divisions, departments, and/or capital projects. Transfers-in from CIP development fees is the primary revenue contributor for this category. The adopted FY 2006/07 budget totals \$6.8 million, reflecting a slight decrease of \$0.1 million from the FY 2005/06 year-end estimate.

Water & Sewer Fund Expenditures by Expenditure Type

The Water & Sewer Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay, and debt service. Additionally, there are transfers-out to other funds.

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The adopted FY 2006/07 budget of \$14.1 million represents 18.4 percent of the total Water and Sewer operating budget and reflects a \$1.3 million increase from the adopted FY 2005/06 budget. Personal services cost drivers in the budget include increased retirement system and health care costs, a 3.0 percent cost of living adjustment, additional staffing for new facilities, and increased maintenance efforts and water quality testing. The budget includes \$0.3 million for 5.00 FTEs pertaining to community facilities needs at water treatment plants and \$0.2 million for 3.50 FTEs to address citizen services and community growth needs pertaining to water quality and wastewater treatment.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$14.1	\$14.1*
2005/06	\$12.8	\$12.8*
2004/05	\$11.3	\$10.9
2003/04	\$10.6	\$7.7
2002/03	\$9.9	\$9.7

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted FY 2006/07 budget of \$27.7 million represents 36.2 percent of the total Water and Sewer operating budget and reflects a \$5.1 million increase from the adopted FY 2005/06 budget. The increase is primarily due to additional operational and maintenance needs at both current and new facilities, as well as increased water quality and wastewater treatment efforts to meet federal and state regulatory compliance.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$27.7	\$27.7*
2005/06	\$22.6	\$22.6*
2004/05	\$20.1	\$21.8
2003/04	\$18.9	\$17.4
2002/03	\$17.9	\$16.6

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted FY 2006/07 budget of \$15.2 million represents 20.0 percent of the total Water and Sewer operating budget and reflects a \$2.0 million increase from the adopted FY 2005/06 budget. The increase is related primarily to price increases for electricity, water treatment chemicals, and maintenance supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$15.2	\$15.2*
2005/06	\$13.2	\$13.2*
2004/05	\$13.5	\$13.9
2003/04	\$12.8	\$10.1
2002/03	\$13.6	\$12.3

See glossary for Expenditure Type definitions

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The adopted FY 2006/07 budget of \$0.3 million represents 0.4 percent of the total Water and Sewer operating budget and reflects a \$0.2 million increase from the adopted FY 2005/06 budget. The increase pertains to vehicles needed by additional Water Resources department staff.

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.3	\$0.3*
2005/06	\$0.1	\$0.1*
2004/05	\$0.1	\$0.1
2003/04	-	\$0.1
2002/03	-	\$0.1

Debt Service represents the repayment of general obligation, revenue and MPC bonds, along with the applicable annual fiscal agent fees. The adopted FY 2006/07 budget of \$19.1 million represents 25.0 percent of the total Water and Sewer operating budget and reflects a \$4.0 million decrease from the adopted FY 2005/06 budget pertaining to final repayment of general obligation bonds.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$19.1	\$19.1*
2005/06	\$23.1	\$24.2*
2004/05	\$19.3	\$15.9
2003/04	\$14.0	\$19.7
2002/03	\$15.9	\$11.4

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The adopted FY 2006/07 budget of \$39.8 reflects a \$2.2 million increase from the adopted FY 2005/06 budget, primarily related to transfers to the CIP fund.

Water & Sewer Fund Balance/Reserves

Fund balance/reserves protect the City’s financial condition and provide for unexpected economic challenges. Growth of fund balance occurs when revenues exceed expenditures. Fund balances are similar to a company’s net equity (assets less liabilities). Prudent fiscal management dictates fund balances should only be used for nonrecurring (non-operational) expenditures, since once fund balances are spent, they are only replenished by future year resources in excess of expenditures.

The City’s budget planning and adopted financial policies call for the establishment of reserves as part of the resource allocation/limit setting process. This process allows the City to “set aside savings” before allocated or spent as budgeted expenditures. The specific make-up of the City’s fund balance and reserves are noted below.

Operating Reserve of \$16.7 million is projected for the end of FY 2006/07. This reserve is intended to ensure adequate funding for operations for a period of 90 days.

Repair/Replacement Reserve of \$23.0 million is projected for the end of FY 2006/07. This reserve is required per the term of the revenue bond indenture to ensure that funds are set aside to preserve the assets, which, in turn, are the collateral for the Water Revenue Bonds. The reserve is required to be at least 2.0 percent of the revenues received during the year, or until the reserve equals 2.0 percent of the value of total tangible assets. The reserve may be used from time to time for replacement or extension of the assets.

Special Contractual Fund Balance of \$2.3 million is projected for the end of FY 2006/07. This balance reflects reserves established in accordance with various contractual agreements for delivery of non-potable water by the Water Resources Department.

Solid Waste Fund

Fund Purpose

This fund accounts for the transactions related to the City’s solid waste and recycling business activity, including operating and debt service payments. The Solid Waste Fund capital expenditures are accounted for in the Capital Improvement Plan (see Volume Three for project detail).

Solid Waste Fund Revenues

Refuse Collection Charges adopted FY 2006/07 budget totals \$18.0 million, reflecting a \$0.9 million increase from the FY 2005/06 year-end estimate. Projected revenue growth includes a 2.5 percent solid waste rate increase, effective July 1, 2006, reflecting the combined impacts of higher fleet rates attributable to fuel cost increases, alley maintenance support costs, and salary and benefit cost increases. Solid Waste Charges are billed monthly for the pickup of solid waste. Residential customers are charged a flat fee per month, while commercial customers are charged based upon the size of the container and the number of pickups per month. In addition, the City also provides roll-off, uncontained service, recycling programs, and household hazardous waste collection. Fees are reviewed annually to determine if they cover the costs of the services provided.

Solid Waste Fund Refuse Collection Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$18.0	\$18.0*
2005/06	\$17.1	\$17.1*
2004/05	\$16.7	\$16.9
2003/04	\$16.2	\$16.4
2002/03	\$16.1	\$16.3

Interest Earnings Revenue adopted FY 2006/07 budget of \$52,600 reflects a decrease of approximately \$0.1 million from the FY 2005/06 year-end estimate. Interest earnings are generated on idle Solid Waste Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City’s investment policy stresses safety above yield.

Interest Earnings Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$52,600	\$52,600*
2005/06	\$64,600	\$140,000*
2004/05	\$40,500	\$127,800
2003/04	\$48,700	\$97,300
2002/03	\$44,000	\$41,900

Solid Waste Fund Expenditures by Expenditure Type

The Solid Waste Fund expenditures are presented by the following five major expenditure categories: personal services, contractual services, commodities, capital outlay, and debt service. Additionally, there are transfers-out to other funds.

Personal Services include the salaries and wages paid to employees, plus the City’s contribution for fringe benefits such as retirement, social security, health, and workers’ compensation insurance. The adopted FY 2006/07 budget of \$5.2 million represents 34.4 percent of the total Solid Waste operating budget and reflects a \$0.5 million increase from the adopted FY 2005/06 budget. Personal services cost drivers in the budget include increased retirement system and health care costs, a 3.0 percent cost of living adjustment, and additional staffing for increased service demands. The budget includes \$0.1 million for 2.00 FTEs to address citizen services and community growth needs for commercial collection services. The budget also includes the conversion of one contract worker (1.00 FTE) to a City employee, which would provide for continuity of existing service. There would be no net fiscal impact associate with this conversion.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$5.2	\$5.2*
2005/06	\$4.7	\$4.7*
2004/05	\$4.3	\$4.5
2003/04	\$4.2	\$3.0
2002/03	\$3.9	\$4.0

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted FY 2006/07 budget of \$9.5 million represents 62.3 percent of the total Solid Waste operating budget and reflects a \$0.6 million increase from the adopted FY 2005/06 budget, primarily related to annual inflationary factors in contract pricing.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$9.5	\$9.5*
2005/06	\$8.9	\$8.9*
2004/05	\$8.3	\$8.3
2003/04	\$8.2	\$8.2
2002/03	\$8.0	\$7.7

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted FY 2006/07 budget of \$0.5 million represents 3.3 percent of the total Solid Waste operating budget and reflects a \$0.2 million increase from the adopted FY 2005/06 budget. The increase is mainly due to purchases of new and replacement commercial and roll-off residential containers.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.5	\$0.5*
2005/06	\$0.3	\$0.3*
2004/05	\$0.3	\$0.4
2003/04	\$0.3	\$0.3
2002/03	\$0.4	\$0.3

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The adopted FY 2006/07 budget is zero.

Capital Outlay Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	-	-
2005/06	\$335,000	\$335,000*
2004/05	\$70,000	\$2,300
2003/04	-	\$14,000
2002/03	\$231,500	\$7,500

Debt Service represents the repayment of MPC bonds along with the applicable annual fiscal agent fees. The adopted FY 2006/07 budget is zero, due to early retirement of debt in July 2005.

Debt Service Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	-	-
2005/06	\$1.5	\$1.5*
2004/05	\$0.3	\$0.1
2003/04	\$0.3	\$0.3
2002/03	\$0.3	\$0.3

**See glossary for
Expenditure Type definitions**

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The adopted FY 2006/07 budget of \$3.0 million reflects a \$0.2 million increase from the adopted FY 2005/06 budget, primarily related to transfers out to the General Fund for the City's general indirect overhead charge.

Solid Waste Fund Balance

Operating Reserve of \$4.0 million is projected for the end of FY 2006/07. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies and the probability of significant future increases in landfill costs.

Unreserved Fund Balance is projected to be zero at the end of FY 2006/07. The unreserved balance represents the net financial resources that are expendable or available for budgeting.

Aviation Fund

Fund Purpose

This fund accounts for the transactions related to the City's aviation business activity at the Scottsdale Airport, which includes operating and debt service payments. The Aviation Fund capital expenditures are accounted for in the Capital Improvement Plan (see Volume Three for project details).

Aviation Fund Revenues

Aviation Fees and Charges Revenue adopted FY 2006/07 budget totals \$3.3 million, which remains relatively flat with the FY 2005/06 year-end estimate. The revenue forecast assumes no fee increases in the FY 2006/07 budget. Aviation fees and charges are for a variety of services provided to airport customers including tie down fees, hangar rentals, fuel sales, and other rental charges. Fees are reviewed annually to determine if they cover the costs of the services provided.

Aviation Fees and Charges Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$3.3	\$3.3*
2005/06	\$3.1	\$3.3*
2004/05	\$2.9	\$3.0
2003/04	\$2.9	\$2.8
2002/03	\$2.4	\$2.4

Interest Earnings Revenue adopted FY 2006/07 budget totals less than \$0.1 million, which remains relatively flat with the FY 2005/06 year-end estimate. Interest earnings are generated on idle Aviation Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's investment policy stresses safety above yield.

Interest Earnings Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$84,500	\$84,500*
2005/06	\$26,500	\$60,400*
2004/05	\$20,300	\$25,100
2003/04	-	\$11,500
2002/03	-	-

Jet Fuel Tax Revenue adopted FY 2006/07 budget totals \$0.1 million, which remains relatively flat with the FY2005/06 year-end estimate. Whereas in past years, jet fuel tax revenue was receipted in the General Fund and transferred to the Aviation Fund, jet fuel tax revenue is now collected and receipted directly to the Aviation Fund.

Jet Fuel Tax Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.1	\$0.1*
2005/06	-	\$0.1*
2004/05	-	-
2003/04	-	-
2002/03	-	-

Aviation Fund Expenditures by Expenditure Type

The direct operating expenditures of the Aviation Fund are divided into the following three major expenditure categories, plus transfers-out:

Personal Services include the salaries and wages paid to employees, plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. The adopted FY 2006/07 budget of \$1.0 million represents 58.8 percent of the total Aviation Fund operating budget and reflects a \$0.1 million increase from the adopted FY 2005/06 budget. Personal services cost drivers in the budget include increased retirement system and health care costs and a 3.0 percent cost of living adjustment. The budget includes the conversion of two contract workers (2.00 FTEs) to City employees. They are meeting a demonstrated need and a sustainable workload. There is no net fiscal impact associated with the conversions.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.0	\$1.0*
2005/06	\$0.9	\$0.9*
2004/05	\$0.8	\$0.8
2003/04	\$0.7	\$0.6
2002/03	\$0.7	\$0.7

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted FY 2006/07 budget of \$0.6 million represents 35.5 percent of the total Aviation Fund operating budget and remains relatively flat with the adopted FY 2005/06 budget.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.6	\$0.6*
2005/06	\$0.6	\$0.6*
2004/05	\$0.6	\$0.6
2003/04	\$0.5	\$0.5
2002/03	\$0.5	\$0.6

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted FY 2006/07 budget of approximately \$0.1 million represents 5.7 percent of the total Aviation Fund operating budget and remains relatively flat with the adopted FY 2005/06 budget.

Commodities Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$97,900	\$97,900*
2005/06	\$63,400	\$63,400*
2004/05	\$61,500	\$54,700
2003/04	\$61,700	\$35,900
2002/03	\$64,700	\$31,200

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The adopted FY 2006/07 budget is zero.

Capital Outlay Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	-	-
2005/06	-	-
2004/05	-	-
2003/04	-	\$230
2002/03	-	\$290

See glossary for
Expenditure Type definitions

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. The adopted FY 2006/07 budget of \$2.5 million reflects a \$0.4 million increase from the adopted FY 2005/06 budget. The increase is primarily related to transfer of funds to the CIP for various aviation capital projects.

Aviation Fund Balance

Operating Reserve of \$0.6 million is projected for the end of FY 2006/07. This reserve is intended to ensure adequate funding for operations for a period of 90 days. The intent of the reserve is to provide for emergencies, provide for potential grant matches, and to ensure that General Fund subsidies are avoided.

Repair and Replacement Reserve of \$1.9 million is projected for the end of FY 2006/07. The intent of the reserve is to ensure adequate funding for emergency repair and replacement needs at the airport.

Unreserved Fund Balance is projected to be zero at the end of FY 2006/07. The unreserved balance represents the net financial resources that are expendable or available for budgeting.

Internal Service Funds

Description

The City uses two separate Internal Service Funds to account for the activity of this fund type. The individual funds are Fleet Management and Self-Insurance Funds.

Fleet Management Fund

Fund Purpose

This fund is used to account for the expenditures associated with purchasing and maintaining the City’s vehicles. Replacement and operation of vehicles are charged to the City departments as internal operating costs to each program based on the quantity and type of vehicle used. The department charges become revenue to the Fleet Management Fund.

Fleet Management Fund Revenues and Transfers In

Vehicle Acquisition Rates represents the “rental” rate charged to other City funds and programs sufficient for the acquisition and replacement of City vehicles. For FY 2006/07, approximately 33.6 percent of the Fleet Management Fund’s operating revenues come from rates related to vehicle acquisition. The adopted vehicle acquisition rates budget for FY 2006/07 totals nearly \$5.0 million for an increase of approximately \$0.7 million over the FY 2005/06 year-end revenue estimate. The increase is primarily attributed to the addition of vehicles for new staff in public safety, community services and water & sewer.

Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$5.0	\$5.0*
2005/06	\$4.3	\$4.3*
2004/05	\$4.9	\$4.8
2003/04	\$4.6	\$4.7
2002/03	\$4.7	\$4.5

Maintenance & Operation Rates represents the “rental” rate to other City programs sufficient for the maintenance and operation of City vehicles. For FY 2006/07, approximately 62.2 percent of the Fleet Management Fund’s operating revenues come from rates related to vehicle maintenance and operation. The adopted maintenance and operations rates budget for FY 2006/07 totals more than \$9.2 million for an increase of approximately \$1.5 million over the FY 2005/06 year-end revenue estimate. The increase is primarily attributed to higher costs for petroleum related items (fuels, lubricants, parts, etc.) and more vehicles added to the City’s overall fleet.

Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$9.2	\$9.2*
2005/06	\$7.8	\$7.8*
2004/05	\$6.6	\$6.6
2003/04	\$6.5	\$6.0
2002/03	\$5.8	\$6.0

Miscellaneous Revenue comes from the liquidation of surplus property. The FY 2006/07 budget is slightly under \$0.2 million, which is on par with the FY 2005/06 year-end revenue estimate.

Miscellaneous Revenue Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.2	\$0.2*
2005/06	\$0.2	\$0.2*
2004/05	\$0.2	\$0.1
2003/04	\$0.3	\$0.1
2002/03	\$0.3	\$0.2

Interest Earnings are generated on idle Fleet Management Fund cash balance throughout the year. This revenue is a function of the relationship between the available cash balance and interest rate. The City earns interest on idle funds through various investment vehicles in accordance with Arizona Revised Statutes and City Ordinance. The City's adopted investment policy stresses safety above yield. The adopted FY 2006/07 interest earnings budget of slightly less than \$0.4 million is about \$0.1 million more than the FY 2005/06 year-end revenue estimate.

Interest Earnings Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.4	\$0.4*
2005/06	\$0.4	\$0.3*
2004/05	\$0.4	\$0.3
2003/04	\$0.2	\$0.2
2002/03	\$0.3	\$0.3

Fleet Management Fund Expenditures by Expenditure Type

The direct operating expenditures of the Fleet Management Fund are divided into the following four major expenditure categories:

Personal Services include the salaries and wages paid to employees, plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. The adopted personal services budget totals \$3.5 million, which represents 22.1 percent of the Fleet Management Fund total operating budget for FY 2006/07. The adopted FY 2006/07 personal services budget increased \$0.5 million from the FY 2005/06 adopted budget. Major personal services cost drivers in the FY 2006/07 budget include increases in retirement system and healthcare costs and a 3.0 percent salary market adjustment. The adopted budget also includes 4.0 new full time positions in FY 2006/07 with hire dates of September 1, 2006 (1 Sr. Equipment Parts Specialist and 3 Equipment Parts Specialists). The 10 month fiscal impact of the new positions in FY 2006/07 is approximately \$154,000.

Personal Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$3.5	\$3.5*
2005/06	\$3.0	\$3.0*
2004/05	\$2.6	\$2.5
2003/04	\$2.5	\$1.9
2002/03	\$2.6	\$2.3

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The adopted budget of \$1.0 million represents 6.4 percent of the Fleet Management Fund total operating budget for FY 2006/07. The adopted FY 2006/07 contractual services budget increased less than \$0.2 million from the adopted budget FY 2005/06. The increase is attributable to growth in the number of vehicles in the fleet.

Contractual Services Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$1.0	\$1.0*
2005/06	\$0.9	\$0.9*
2004/05	\$0.7	\$1.0
2003/04	\$0.7	\$0.9
2002/03	\$0.7	\$0.7

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The budget of \$5.5 million represents 34.4 percent of the Fleet Management Fund total operating budget for FY 2006/07. The adopted FY 2006/07 commodities services budget increased \$0.9 million from the adopted budget FY 2005/06. The increase is related to higher prices for fuel, as well as petroleum-based products and supplies.

Commodities Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$5.5	\$5.5*
2005/06	\$4.6	\$4.6*
2004/05	\$3.5	\$3.9
2003/04	\$3.2	\$3.3
2002/03	\$3.3	\$3.5

Capital Outlay includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. To qualify as capital outlay, an item must have an estimated useful life of more than one year, typically have a unit cost of \$5,000 or more, and be a betterment or improvement. The capital outlay budget of \$5.9 million represents 37.1 percent of the Fleet Management Fund total operating budget for FY 2006/07. The adopted FY 2006/07 capital outlay budget increased approximately \$2.5 million from the FY 2005/06 adopted budget. The increase is attributable to vehicle purchases (new and replacement).

Capital Outlay Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$5.9	\$5.9*
2005/06	\$3.4	\$3.4*
2004/05	\$3.6	\$2.8
2003/04	\$3.5	\$2.1
2002/03	\$5.4	\$3.9

See glossary for
Expenditure Type definitions

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. Transfers-out of slightly less than \$0.2 million are planned in FY 2006/07 to cover the cost of fleet related capital projects.

Fleet Management Fund Fund Balance

The Fleet Management Fund balance varies primarily due to the vehicle replacement schedule. The portion of internal charges to programs for replacement vehicles is evenly spread over the expected life of the vehicles. This charge becomes revenue to the Fleet Management Fund and is representative of the replacement charge for many vehicles with differing useful lives. Therefore, the revenue does not vary significantly by year, but the year in which vehicles are purchased may vary significantly if, for example, several large, expensive vehicles are scheduled for replacement in a single year. The fund balance at the end of each year includes the accumulated balance to be used for future year vehicle purchases.

The ending FY 2006/07 fund balance is projected to be approximately \$9.1 million, which is nearly a \$1.2 million decrease from the FY 2005/06 year-end estimate.

Self-Insurance Fund

Fund Purpose

The Self-Insurance Fund is used to account for the City’s self-insurance program. Revenue to this fund is derived from charges to user programs. This fund provides coverage of unemployment, self-insured benefits, workers’ compensation, and property and liability claims.

Self Insurance Fund Revenues and Transfers In

Property Casualty Rates represent this fund’s operating resources, which are derived from internal charges for services to other City funds. These charges are comprised of a self-insurance charge covering general and auto liability/physical damages, workers’ compensation, unemployment taxes, and property charges. The adopted revenue budget of nearly \$6.2 million represents approximately 21.6 percent of the Self-Insurance Fund operating revenues for FY 2006/07. The adopted FY 2006/07 budget is \$1.5 million more than the prior year end revenue estimate, which is attributable to higher claims experience and the increased cost of excess insurance premiums.

Property Casualty Rates Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$6.2	\$6.2*
2005/06	\$5.3	\$5.4*
2004/05	\$4.8	\$5.3
2003/04	\$4.1	\$5.1
2002/03	\$4.3	\$4.1

Short Term Disability Rates represents the resources collected solely from employees participating in the City’s short term disability plan – no City (i.e., employer) contributions are made for short term disability coverage. The FY 2006/07 revenue budget of \$140,000 is consistent with the prior year amount.

Short Term Disability Rates Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$140,000	\$140,000*
2005/06	\$140,000	\$140,000*
2004/05	N/A	N/A
2003/04	N/A	N/A
2002/03	N/A	N/A

Group Health Care Rates are comprised of contributions from: the City (i.e., employer), employees, retirees, COBRA participants and medical leave conversion contributions, all of which are used to fund the City’s self-insured medical and dental plans. The adopted budget of almost \$22.3 million represents approximately 77.9 percent of the Self-Insurance Fund’s total operating revenues for FY 2006/07. The Group Health Care Revenues budget of \$22.3 million includes \$0.2 million interest earnings allocated to the Self-Insurance Fund.

Group Health Care Rates Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$22.3	\$22.3*
2005/06	\$16.1	\$16.7*
2004/05	\$13.4	\$14.1
2003/04	-	-
2002/03	-	-

Property Taxes (Tort Claims) this revenue represents a reimburse the City’s Self-Insurance Fund for the “actual” cost of liability claim judgments paid during the most recently completed calendar year. The inclusion of the tort claim reimbursements in the City’s primary tax levy is allowed per a March 20, 1986 Arizona Attorney General opinion. Claim judgments are paid from the Self-Insurance Fund – an Internal Service Fund – and therefore, the reimbursement becomes revenue to this fund.

Property Taxes (Tort Claims) Adopted Budget to Actual/Estimate* (in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0	\$.0*
2005/06	\$0.7	\$0.7*
2004/05	\$0.4	\$0.4
2003/04	\$0.6	\$0.7
2002/03	\$1.0	\$0.6

Note: In FY 2006/07, \$2,852,500 of tort claims were included in the *proposed* budget; however, during the final budget adoption hearing on June 6, 2006 City Council elected to completely eliminate the \$2,852,500 of tort claim recovery from the adopted FY 2006/07 budget. This action resulted in an additional reduction in the primary tax rate of approximately 6 cents from the proposed budget.

Transfers-In are used to address anticipated rate increases and future actuarially determined funding needs. In the adopted FY 2006/07 budget, a \$2.5 million transfer in from the General Fund to the Self-Insurance Fund is planned.

Self Insurance Fund Expenditures by Expenditure Type

The direct operating expenditures of the Self-Insurance Fund are divided into the following three major expenditure categories plus transfers-out:

Personal Services include the salaries and wages paid to employees, plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance. The adopted budget of slightly less than \$0.7 million represents 2.4 percent of the FY 2006/07 Self-Insurance Fund operating budget. The adopted FY 2006/07 personal services budget increased approximately \$66,500 from the adopted FY 2005/06 budget. Major personal services cost drivers in the budget include increases in retirement system and healthcare costs and a 3.0 percent salary market adjustment.

Personal Services Adopted Budget to Actual/Estimate*(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$0.7	\$0.7*
2005/06	\$0.6	\$0.6*
2004/05	\$0.5	\$0.6
2003/04	\$0.5	\$0.4
2002/03	\$0.5	\$0.5

Contractual Services include expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services account. The budget of more than \$27.7 million represents 97.5 percent of the FY 2006/07 Self-Insurance Fund operating budget. The \$27.7 million contractual services budget includes \$21.9 million for group health claims and more than \$0.1 million for short-term disability claims. The adopted FY 2006/07 Self-Insurance Fund contractual services budget increased approximately \$4.6 million over the adopted FY 2005/06 budget. The increase is driven by two factors -- anticipated increases in healthcare costs and in property/liability insurance premiums for excess coverage.

Contractual Services Adopted Budget to Actual/Estimate*(in millions)		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$22.0	\$22.0*
2005/06	\$16.8	\$18.5*
2004/05	\$11.5	\$14.8
2003/04	NA*	NA*
2002/03	NA*	NA*

**The amounts presented here include Fund 710 (Self-Insurance) and Fund 715 (Self-Insured Benefits).*

Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature. The adopted FY 2006/07 commodities budget of \$33,800 remains on par with the adopted FY 2005/06 budget.

Commodities		
Adopted Budget to Actual/Estimate*		
Fiscal Year	Adopted Budget	Actual/Estimate*
2006/07	\$33,800	\$33,800*
2005/06	\$28,400	\$36,910*
2004/05	\$42,500	\$93,292
2003/04	\$0.1M	\$0.1M
2002/03	\$0.2M	\$0.1M

**See glossary for
Expenditure Type definitions**

Transfers-Out is the authorized movement of cash or other resources to other funds, divisions, departments, and/or capital projects. Transfers-out \$8,700 are planned to cover the cost of capital projects.

Self Insurance Fund Balance

The Self-Insurance Fund balance is maintained to provide for coverage of unemployment, self-insured benefits, workers' compensation, and property and liability claims. The required fund balance is actuarially determined on an annual basis.

The ending FY 2006/07 fund balance is projected to be almost \$19.3 million, which is an increase of \$2.7 million from the FY 2005/06 year-end estimate. The increase is attributable to the \$2.5 million budgeted as a transfer-in from the General Fund to bolster the property casualty claim reserve. The group health care claim and the short term disability reserves remained relatively unchanged from the prior year-end estimate.

Trust Funds**Description**

This fund is used to account for assets "held in trust" by the City. The City holds the funds in a trustee capacity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 34. All funds not expended in the current fiscal year are carried over to the next fiscal year to continue funding the intended purpose. The City maintains the following two Trust Funds:

Mayor's Committee for Employment of the Handicapped**Fund Purpose**

Used to account for proceeds for programs and activities to promote employment of handicapped individuals. The FY 2006/07 adopted budget for this trust fund is \$15,000 and will be used to pay for contractual services.

Scottsdale Memorial Hospital Redevelopment**Fund Purpose**

This trust was used to account for expenditures related to the development of the Scottsdale Memorial Hospital area. This trust was fully expended and closed on June 30, 2006.

Trust Fund Balance

All balances not expended in the current fiscal year are carried over to the next fiscal year to continue funding for the intended purpose.

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM Budget by Fund

Alphabetical Program Operating Budget Index by Department/Program

The following matrix provides a summary of the total adopted FY 2006/07 Program Operating Budget by department and highlights each department's specific programs. The matrix includes the source(s) of funding for each program by governmental fund accounting type plus it includes the applicable number of full-time equivalent employees (FTE's) by program and department. Further details on an individual program can be found in Volume Two of the adopted FY 2006/07 budget.

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grants & Trusts	Total	Vol. Two Page # Ref.
GENERAL GOVERNMENT								
CITY CABLE	4.00	325,113	-	-	-	-	325,113	52
CITY CLERK	10.50	877,198	-	-	-	-	877,198	23
CITY MANAGER	8.00	688,269	-	-	-	-	688,269	45
CIVIL DIVISION	25.75	3,324,418	-	-	-	-	3,324,418	30
COMMUNICATIONS & PUBLIC AFFAIRS	10.65	1,370,571	-	-	-	-	1,370,571	49
COURT	65.08	5,372,765	3,612,337	-	-	-	8,985,102	41
ELECTIONS	-	212,390	-	-	-	-	212,390	26
ENVIRONMENTAL OFFICES	2.00	337,717	-	-	-	-	337,717	66
INTERNAL AUDIT PROGRAM	8.00	747,385	-	-	-	-	747,385	37
LEGISLATIVE & CONSTITUENT/GOV RELATIONS	15.72	1,544,156	-	-	-	150,000	1,694,156	19
PRESERVATION	5.00	721,112	110,000	-	-	-	831,112	63
PROSECUTION	30.00	2,550,073	-	-	-	-	2,550,073	32
THE DOWNTOWN GROUP	6.00	4,746,119	712,268	-	-	-	5,458,387	59
VICTIM SERVICES	8.50	533,559	-	-	-	-	533,559	34
WESTWORLD OPERATIONS	23.00	3,158,698	-	-	-	-	3,158,698	55
	222.20	26,509,543	4,434,605	-	-	150,000	31,094,148	
POLICE DEPARTMENT								
AUTO THEFT INVESTIGATIONS	8.00	821,861	-	-	-	49,800	871,661	108
BICYCLE PATROL	11.00	1,122,654	-	-	-	-	1,122,654	82
BURGLARY & THEFT INVESTIGATIONS	11.00	1,212,486	-	-	-	-	1,212,486	106
CANINE SERVICES	6.00	852,739	-	-	-	-	852,739	86
COMMUNICATIONS	56.00	3,885,086	-	-	-	-	3,885,086	132
COMPUTER CRIME INVESTIGATIONS	7.00	662,571	-	-	-	-	662,571	114
CRIME ANALYSIS	5.00	346,389	-	-	-	-	346,389	140
CRIME LABORATORY	18.00	1,525,336	446,902	-	-	137,000	2,109,238	138
CRIME PREVENTION	3.00	312,785	-	-	-	-	312,785	76
CRIME SCENE PROCESSING	10.00	710,392	-	-	-	-	710,392	142
CRIMINAL INTELLIGENCE	11.00	1,146,750	-	-	-	-	1,146,750	124
DETENTION	39.00	3,953,778	-	-	-	-	3,953,778	92
DOMESTIC VIOLENCE INVESTIGATIONS	6.00	601,549	-	-	-	-	601,549	102
DRUG ENFORCEMENT	10.00	1,666,711	389,690	-	-	88,200	2,144,601	118
DRUG INTERDICTION	7.00	816,205	-	-	-	-	816,205	120
EVENT TRAFFIC CONTROL	-	347,942	-	-	-	-	347,942	94
FALSE ALARM REDUCTION PROGRAM	1.00	72,658	-	-	-	-	72,658	154
FRAUD INVESTIGATIONS	8.00	838,720	-	-	-	-	838,720	110
INTERNAL AFFAIRS	4.00	444,933	-	-	-	-	444,933	72

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grants & Trusts	Total	Vol. Two Page # Ref.
MOUNTED PATROL	9.10	837,765	23,000	-	-	-	860,765	88
MUNICIPAL SECURITY	2.00	1,594,001	-	-	-	-	1,594,001	152
OFFICE OF THE CHIEF	11.00	1,676,835	12,500	-	-	-	1,689,335	70
PARK & PRESERVE PATROL	7.00	580,573	-	-	-	-	580,573	90
PATROL PROBLEM SOLVING SURVEILLANCE TEAM	6.00	680,246	-	-	-	-	680,246	84
PATROL SERVICES	262.00	27,267,754	-	-	-	-	27,267,754	74
PHOTO ENFORCEMENT	1.00	4,543,748	-	-	-	-	4,543,748	78
PLANNING, RESEARCH AND ACCREDITATION	6.00	457,965	-	-	-	-	457,965	144
POLICE CRISIS INTERVENTION	6.00	605,215	-	-	-	-	605,215	104
POLICE FACILITIES	2.00	363,500	-	-	-	-	363,500	150
POLICE RECORDS	36.00	2,053,103	-	-	-	-	2,053,103	126
POLICE SUPPLY & EQUIPMENT	8.00	1,886,195	-	-	-	-	1,886,195	130
PROPERTY AND EVIDENCE	7.50	448,994	-	-	-	-	448,994	136
RECRUITING & PERSONNEL	8.00	782,670	-	-	-	-	782,670	146
REPEAT OFFENDER PROGRAM	9.00	861,039	-	-	-	-	861,039	112
SCHOOL RESOURCE SERVICES	16.00	1,504,168	2,000	-	-	-	1,506,168	116
SEX CRIMES INVESTIGATIONS	11.00	1,130,812	3,350	-	-	-	1,134,162	100
SPECIAL EVENT/OFF DUTY COORDINATION	2.00	189,990	-	-	-	-	189,990	96
SURVEILLANCE/SWAT	8.00	1,301,531	-	-	-	-	1,301,531	122
TECHNOLOGY	7.00	1,937,325	-	-	-	-	1,937,325	128
TELEPHONE REPORTING SERVICES	4.00	255,005	-	-	-	-	255,005	134
TRAFFIC ENFORCEMENT	30.00	3,639,921	-	-	-	-	3,639,921	80
TRAINING	10.00	1,414,052	-	-	-	-	1,414,052	148
VIOLENT CRIMES INVESTIGATIONS	13.00	1,797,038	-	-	-	-	1,797,038	98
	702.60	79,150,990	877,442	-	-	275,000	80,303,432	
FINANCIAL SERVICES								
ACCOUNTING	13.00	1,824,173	-	-	-	-	1,824,173	160
ACCOUNTS PAYABLE & PAYROLL	14.50	1,079,124	-	-	-	-	1,079,124	162
BUDGET	7.00	720,020	-	-	-	-	720,020	166
COPY CENTER		(97,824)	-	-	-	-	(97,824)	176
FINANCIAL PLANNING & ADMINISTRATION	5.00	654,556	-	-	-	-	654,556	158
GRAPHICS	4.00	308,051	-	-	-	-	308,051	174
MAIL	4.00	806,012	-	-	-	-	806,012	178
METER READING	16.00	-	-	1,180,550	-	-	1,180,550	184
PURCHASING	15.00	1,199,935	-	-	-	-	1,199,935	170
REMITTANCE PROCESSING	13.00	503,779	-	555,450	-	-	1,059,229	188
REVENUE RECOVERY	13.50	509,847	-	465,059	-	-	974,906	182
RISK MANAGEMENT	8.00	-	-	-	28,454,629	-	28,454,629	168
STORES/WAREHOUSE OPERATIONS	6.00	434,611	-	-	-	-	434,611	172
TAX & LICENSE	13.00	910,732	-	-	-	-	910,732	180
TAX AUDIT	9.00	740,526	-	-	-	-	740,526	164
UTILITY BILLING	10.00	-	-	1,022,688	-	-	1,022,688	186
	151.00	9,593,542	-	3,223,747	28,454,629	-	41,271,918	
TRANSPORTATION DEPARTMENT								
AVIATION	15.00	-	-	1,720,250	-	-	1,720,250	194
INTELLIGENT TRANSPORTATION SYSTEMS	4.00	-	768,446	-	-	-	768,446	200
TRAFFIC ENGINEERING	10.00	-	1,670,786	-	-	-	1,670,786	202
TRANSIT	5.00	-	10,767,585	-	-	-	10,767,585	198
TRANSPORTATION ADMINISTRATION	4.00	-	489,866	-	-	-	489,866	192
TRANSPORTATION MASTER PLANNING	7.00	-	635,232	-	-	-	635,232	196
	45.00	-	14,331,915	1,720,250	-	-	16,052,165	

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grants & Trusts	Total	Vol. Two Page # Ref.
COMMUNITY SERVICES								
ADAPTED RECREATION SERVICES	6.88	330,717	-	-	-	-	330,717	210
AQUATICS	52.89	2,048,840	-	-	-	-	2,048,840	212
BRANCH LIBRARIES	56.58	3,119,667	-	-	-	-	3,119,667	238
COMMUNITY RECREATION SERVICES & FACILITIES	57.70	2,537,249	3,034,840	-	-	-	5,572,089	218
COMMUNITY SERVICES PLANNING AND ADMIN	5.00	763,479	-	-	-	-	763,479	206
CONTRACT ADMINISTRATION	7.00	2,866,084	-	-	-	-	2,866,084	254
DOWNTOWN MAINTENANCE PROGRAM	12.00	1,108,506	-	-	-	-	1,108,506	244
FACILITIES MAINTENANCE	47.00	12,318,297	-	-	-	-	12,318,297	252
FACILITIES MGMT PLANNING & ADMIN	5.00	571,907	-	-	-	-	571,907	250
GROUND AND LANDSCAPE MAINTENANCE	65.30	5,653,848	-	-	-	-	5,653,848	242
HOUSING ASSISTANCE AND CDBG PROGRAMS	16.75	500,662	100,000	-	-	8,144,510	8,745,172	230
HUMAN SERVICES PLANNING & ADMIN.	4.00	429,608	-	-	-	-	429,608	224
LEISURE EDUCATION PROGRAMS	6.76	960,891	-	-	-	-	960,891	220
LIBRARY OPERATIONS	23.50	3,424,495	336,619	-	-	25,000	3,786,114	234
LIBRARY PLANNING AND ADMINISTRATION	5.00	744,393	-	-	-	-	744,393	232
MAIN LIBRARY	42.97	2,355,865	-	-	-	-	2,355,865	236
MEDIANS AND RIGHT-OF-WAY	10.00	1,737,601	-	-	-	-	1,737,601	246
PARKS & GROUNDS MGMT-PLANNING & ADMIN	7.00	716,761	-	-	-	-	716,761	240
PARKS & RECREATION PLANNING & ADMIN	5.44	673,892	-	-	-	-	673,892	208
SENIOR CITIZEN SERVICES	27.82	2,044,000	72,588	-	-	-	2,116,588	226
SOCIAL SERVICES ASSISTANCE AND REFERRAL	34.15	2,799,805	250,000	-	-	1,250,610	4,300,415	228
SPORTS & FITNESS PROGRAMS	27.56	2,095,830	349,411	-	-	-	2,445,241	214
SPORTS COMPLEXES	22.35	2,045,218	-	-	-	-	2,045,218	248
TRAILS & EQUESTRIAN FACILITIES	3.70	225,261	-	-	-	-	225,261	222
YOUTH ACTIVITIES & AFTER SCHOOL PROGRAMS	25.95	1,887,022	85,750	-	-	-	1,972,772	216
	578.30	53,959,898	4,229,208	-	-	9,420,120	67,609,226	
INFORMATION SYSTEMS								
APPL. DEV. INTEGRATION MGMT & SUPPORT	15.00	1,764,946	-	-	-	-	1,764,946	260
APPLICATION SUPPORT	7.00	765,944	-	-	-	-	765,944	268
GIS DATA SERVICES	10.00	924,011	-	-	-	-	924,011	264
HELP DESK/DESKTOP TECHNICAL SUPPORT	11.00	876,366	-	-	-	-	876,366	270
INFORMATION SYSTEMS ADMINISTRATION	5.81	569,313	-	-	-	-	569,313	258
NETWORK OPERATIONS	30.00	4,362,406	-	-	-	-	4,362,406	262
PROJECT OFFICE	5.00	529,556	-	-	-	-	529,556	266
	83.81	9,792,542	-	-	-	-	9,792,542	
FIRE DEPARTMENT								
EMERGENCY MANAGEMENT	2.00	293,599	-	-	-	-	293,599	280
FIRE ADMINISTRATION	5.00	1,018,487	-	-	-	-	1,018,487	274
FIRE EMERGENCY SERVICES	224.00	23,813,105	-	-	-	-	23,813,105	276
FIRE SUPPORT SERVICES	28.00	5,226,313	4,290	-	-	-	5,230,603	278
	259.00	30,351,504	4,290	-	-	-	30,355,794	
WATER RESOURCES								
ADVANCED WATER TREATMENT PLANT	-	-	-	1,791,749	-	-	1,791,749	326
ARSENIC TREATMENT	1.00	-	-	1,412,419	-	-	1,412,419	332
CAP TREATMENT PLANT	-	-	-	9,267,071	-	-	9,267,071	320
CENTRAL GWTF	-	-	-	905,206	-	-	905,206	314
CHAPARRAL WATER TREATMENT PLANT	-	-	-	2,582,433	-	-	2,582,433	330
GAINEY WASTEWATER RECLAMATION PLANT	-	-	-	422,661	-	-	422,661	324
INDUSTRIAL PRETREATMENT	3.00	-	-	286,038	-	-	286,038	322
INLET GOLF COURSE IRRIGATION	-	-	-	51,007	-	-	51,007	292
IRRIGATION WATER DISTRIBUTION SYS	1.00	-	-	1,355,686	-	-	1,355,686	312

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grants & Trusts	Total	Vol. Two Page # Ref.
PLANET RANCH WATER RIGHTS	1.00	-	-	247,102	-	-	247,102	286
PUMP BACK SYSTEM	5.00	-	-	2,111,687	-	-	2,111,687	308
RWDS ADMINISTRATION	-	-	-	2,618,363	-	-	2,618,363	310
SOUTHERN NEIGHBORHOODS WATER SYSTEM	-	-	-	1,909,860	-	-	1,909,860	302
TREATMENT PLANT STAFFING	48.00	-	-	2,578,768	-	-	2,578,768	318
WASTEWATER COLLECTION	-	-	-	867,295	-	-	867,295	304
WASTEWATER MAINTENANCE	-	-	-	492,483	-	-	492,483	306
WATER & WASTEWATER ENGINEERING	6.00	-	-	556,534	-	-	556,534	288
WATER & WASTEWATER OPERATIONS ADMINISTRATION	9.00	-	-	1,048,630	-	-	1,048,630	294
WATER CAMPUS WASTEWTR RECLAMATION PLANT	-	-	-	7,848,931	-	-	7,848,931	328
WATER CONSERVATION	5.00	-	-	1,025,322	-	-	1,025,322	296
WATER DISTRIBUTION	35.00	-	-	4,396,392	-	-	4,396,392	298
WATER PRODUCTION	20.00	-	-	7,106,928	-	-	7,106,928	300
WATER RESOURCES ADMINISTRATION	11.00	-	-	1,654,369	-	-	1,654,369	284
WATER/WASTEWATER QUALITY	17.00	-	-	2,074,023	-	-	2,074,023	316
WEST WORLD GOLF RECHARGE	-	-	-	179,171	-	-	179,171	290
	162.00	-	-	54,790,128	-	-	54,790,128	
MUNICIPAL SERVICES								
ALLEY MAINTENANCE	7.00	-	737,595	-	-	-	737,595	378
ASSET MANAGEMENT	2.00	219,221	-	-	-	-	219,221	340
CAPITAL PROJECT MANAGEMENT	46.00	(3)	-	-	-	-	(3)	338
COMMERCIAL REFUSE COLLECTION	12.00	-	-	2,993,044	-	-	2,993,044	350
CONTAINER REPAIR PROGRAM	2.00	-	-	517,777	-	-	517,777	346
EMERGENCY RESPONSE TEAM	-	-	62,227	-	-	-	62,227	354
FIELD SERVICES ADMINISTRATION	-	-	-	-	-	-	-	352
FLEET MAINTENANCE & OPERATIONS	40.00	-	-	-	5,661,388	-	5,661,388	368
FLEET MANAGEMENT ADMINISTRATION	4.00	-	-	-	597,659	-	597,659	366
FLEET PARTS SUPPLY	10.00	-	-	-	529,888	-	529,888	370
FUEL	-	-	-	-	3,246,134	-	3,246,134	372
HOUSEHOLD HAZARDOUS WASTE	-	-	-	209,516	-	-	209,516	376
MUNICIPAL SERVICES ADMINISTRATION	3.00	398,847	-	-	-	-	398,847	336
RESIDENTIAL REFUSE COLLECTION	63.25	-	-	10,027,733	-	-	10,027,733	344
SOLID WASTE MANAGEMENT ADMIN SVCS	5.00	-	-	476,443	-	-	476,443	342
STORMWATER MANAGEMENT	4.00	-	-	-	-	-	-	380
STREET CLEANING	11.00	-	1,056,912	-	-	-	1,056,912	360
STREET LIGHT MAINTENANCE	-	-	829,518	-	-	-	829,518	382
STREET OVERLAYS AND MAINTENANCE	9.50	-	6,507,800	-	-	-	6,507,800	362
STREET SIGNS AND MARKINGS	9.00	-	1,070,682	-	-	-	1,070,682	358
TRAFFIC SIGNALS	15.00	-	1,776,607	-	-	-	1,776,607	356
TRANSFER STATION OPERATIONS	3.00	-	-	304,664	-	-	304,664	348
UNPAVED ROADS AND DRAINAGE SYSTEM MAINT	10.00	-	1,582,697	-	-	-	1,582,697	364
VEHICLE ACQUISITION	-	-	-	-	5,912,713	-	5,912,713	374
	255.75	618,065	13,624,038	14,529,177	15,947,782	-	44,719,062	
CITIZEN & NEIGHBORHOOD RESOURCES								
CITIZEN & NEIGHBORHOOD ADMIN	4.00	525,967	-	-	-	-	525,967	386
CODE ENFORCEMENT	19.00	1,392,709	97,207	-	-	-	1,489,916	394
CUSTOMER SERVICE & COMMUNICATIONS	7.00	693,326	-	-	-	-	693,326	388
INFORMATION RESOURCES	6.00	378,926	-	-	-	-	378,926	390
NEIGHBORHOOD SERVICES	4.00	486,401	-	-	-	-	486,401	392
	40.00	3,477,329	97,207	-	-	-	3,574,536	

PROGRAM OPERATING BUDGET BY DEPARTMENT/PROGRAM Budget by Fund

Department/Program	FTE	General Fund	Special Revenue Funds	Enterprise Funds	Internal Service Funds	Grants & Trusts	Total	Vol. Two Page # Ref.
HUMAN RESOURCES SYSTEMS								
DIVERSITY & DIALOGUE	2.00	366,133	15,957	-	-	15,000	397,090	406
EMPLOYEE PROGRAMS	-	101,990	-	-	-	-	101,990	402
HUMAN RESOURCES	27.50	2,734,688	-	-	-	-	2,734,688	400
HUMAN RESOURCES ADMINISTRATION	4.00	574,451	-	-	-	-	574,451	398
LEARNING & ORGANIZATION DEVELOPMENT	3.00	687,499	-	-	-	-	687,499	404
	36.50	4,464,761	15,957	-	-	15,000	4,495,718	
ECONOMIC VITALITY DEPT								
ECONOMIC DEVELOPMENT	2.00	324,078	-	-	-	-	324,078	412
ECONOMIC VITALITY ADMIN	2.00	321,304	-	-	-	-	321,304	410
EXISTING BUSINESS SERVICES	2.00	232,300	-	-	-	-	232,300	418
HOSPITALITY DEVELOPMENT	3.00	349,918	7,049,630	-	-	-	7,399,548	414
REVITALIZATION	2.00	233,619	-	-	-	-	233,619	416
	11.00	1,461,219	7,049,630	-	-	-	8,510,849	
PLANNING & DEVELOPMENT SERVICES								
CUSTOMER SERVICES	31.00	2,653,008	-	-	-	600,000	3,253,008	424
DEVELOPMENT SERVICES	79.00	7,362,738	50,000	-	-	-	7,412,738	428
PLANNING & DEVELOPMENT ADMINISTRATION	5.00	1,123,123	-	-	-	-	1,123,123	422
PLANNING SERVICES	46.00	4,211,670	-	-	-	-	4,211,670	426
	161.00	15,350,539	50,000	-	-	600,000	16,000,539	
Future Grants Not Assigned to Programs ^(A)						10,535,400	10,535,400	
Estimated Department Savings		(1,500,000)					(1,500,000)	
Estimated Vacant Position Savings		(3,300,000)					(3,300,000)	
Subtotal Program Budget Plus Grants & Trusts	2,708.16	229,929,932	44,714,292	74,263,302	44,402,411	20,995,520	414,305,457	
Less: Internal Service Fund Offset							(36,336,685)	
Add: Debt Service							89,309,769	
Add: Reserves/Contingency Appropriations							23,346,090	
Total FY 2006/07 Operating Budget Plus Other Fiscal Activity							490,624,631 ^(B)	

^(A) These are unidentified future grants and have not been applied to a program at this time. This funding is included to give the maximum, legal flexibility. When and if a grant is awarded, it will be assigned to a specific department and program.

^(B) The FY 2006/07 Operating Budget plus Other Fiscal Activity total agrees with the Adopted Budget Ordinance Schedule F in the Volume One Appendix (\$467,619,111 + \$23,005,520 = \$490,624,631).

**Relationship with Mayor and City Council's Broad Goals
Alphabetical Program Budget Index**

Mayor and City Council's Broad Goals	
Goal A: Neighborhoods	Enhance and protect a diverse, family-oriented community where neighborhoods are safe, protected from adverse impacts, well maintained and actively revitalized.
Goal B: Environmental Sustainability & Preservation	Preserve Scottsdale's desert environment and natural resources, and honor the City's heritage and character.
Goal C: Transportation	Strengthen the transportation system for the safe, efficient and affordable movement of people and goods.
Goal D: Economy	Position Scottsdale for short- and long-term economic prosperity by strengthening, expanding and diversifying our economic resources.
Goal E: Public Safety	Protect Scottsdale residents and visitors by providing quality public safety and homeland security services.
Goal F: Fiscal and Resource Management	Provide the means to reach other goals by ensuring Scottsdale is fiscally responsible and fair in its management of taxpayer money and City assets, and coordinates land use and infrastructure planning within the context of financial demands and available resources.
Goal G: Open and Responsive Government	Make government accessible, responsive and accountable so that decisions reflect community input and expectations.

The following matrix provides a summary of each program's relationship to the Mayor and City Council's Broad Goals. Further information on each program can be found in each department's section.

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
General Government							
City Cable							X
City Clerk							X
City Manager	X	X	X	X	X	X	X
Civil Division						X	
Communications & Public Affairs							X
Court	X						X
Elections							X
Environmental Planning Services		X					
Internal Audit Program						X	
Legislative & Constituent/Gov Relations	X	X	X	X	X	X	X
Preservation		X					
Prosecution	X						
The Downtown Group				X			
Victim Services	X						
WestWorld Operations		X		X			

**Program Budget Relationship
with Mayor & City Council's Broad Goals**

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Police							
Auto Theft Investigations	X				X		
Bicycle Patrol	X				X		
Burglary & Theft Investigations	X				X		
Canine Services	X				X		
Communications	X				X		
Computer Crime Investigations	X				X		
Crime Analysis	X				X		
Crime Laboratory	X				X		
Crime Prevention	X				X		
Crime Scene Processing	X				X		
Criminal Intelligence	X				X		
Detention	X				X		
Domestic Violence Investigations	X				X		
Drug Enforcement	X				X		
Drug Interdiction	X				X		
Event Traffic Control	X		X		X		
False Alarm Reduction Program	X				X		
Fraud Investigations	X				X		
Internal Affairs	X				X		
Mounted Patrol	X				X		
Municipal Security	X				X		
Office Of The Chief	X				X		
Park & Preserve Patrol	X				X		
Patrol Problem Solving Surveillance Team	X				X		
Patrol Services	X				X		
Photo Enforcement			X		X		
Planning, Research And Accreditation	X				X		
Police Crisis Intervention	X				X		
Police Facilities	X				X		
Police Records	X				X		X
Police Supply & Equipment	X				X		
Property And Evidence	X				X		
Recruiting & Personnel	X				X		
Repeat Offender Program	X				X		
School Resource Services	X				X		
Sex Crimes Investigations	X				X		
Special Event/Off Duty Coordination	X				X		
Surveillance/SWAT	X				X		
Technology	X				X		
Telephone Reporting Services	X				X		
Traffic Enforcement	X		X		X		
Training	X				X		
Violent Crimes Investigations	X				X		

**Program Budget Relationship
with Mayor & City Council's Broad Goals**

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Financial Services							
Accounting						X	
Accounts Payable & Payroll						X	
Budget						X	
Copy Center						X	
Financial Planning & Administration						X	
Graphics						X	
Mail						X	
Meter Reading						X	
Purchasing						X	
Remittance Processing						X	
Revenue Recovery						X	
Risk Management						X	
Stores/Warehouse Operations						X	
Tax & License						X	
Tax Audit						X	
Utility Billing						X	
Transportation							
Aviation			X				
Intelligent Transportation Systems			X				
Traffic Engineering	X		X				
Transit			X				
Transportation Administration			X				
Transportation Master Planning			X				
Community Services							
Adapted Recreation Services	X						
Aquatics	X						
Branch Libraries	X						
	X						
Community Recreation Services & Facilities							
Community Services Planning And Administration	X	X				X	X
Contract Administration						X	
Downtown Maintenance Program	X	X				X	
Facilities Maintenance						X	
Facilities Mgmt Planning & Administration						X	
Grounds And Landscape Maintenance	X	X				X	
Housing Assistance And CDBG Programs	X						
	X						
Human Services Planning & Administration							
Leisure Education Programs	X						
Library Operations	X						
Library Planning And Administration	X					X	
Main Library	X						
Medians And Right-Of-Way	X	X				X	
Parks & Grounds Mgmt-Planning & Administration	X					X	
Parks & Recreation Planning & Administration	X	X				X	X
Senior Citizen Services	X						
Social Services Assistance And Referral	X						
Sports & Fitness Programs	X						X
Sports Complexes	X			X			
Trails & Equestrian Facilities	X	X					X
Youth Activities & After School Programs	X						

**Program Budget Relationship
with Mayor & City Council's Broad Goals**

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Information Systems							
Appl. Dev. Integration Mgmt & Support						X	X
Application Support						X	X
GIS Data Services						X	X
Help Desk/Desktop Technical Support						X	X
Information Systems Administration						X	X
Network Operations						X	X
Project Office						X	
Fire							
Emergency Management	X				X		
Fire Administration	X				X		X
Fire Emergency Services	X				X		
Fire Support Services	X					X	X
Water Resources							
Advanced Water Treatment Plant						X	
Arsenic Treatment						X	
CAP Treatment Plant						X	
Central GWTF						X	
Chaparral Water Treatment Plant						X	
Gainey Wastewater Reclamation Plant						X	
Industrial Pretreatment						X	
Inlet Golf Course Irrigation						X	
Irrigation Water Distribution System						X	
Planet Ranch Water Rights						X	
Pump Back System						X	
RWDS Administration						X	
Southern Neighborhoods Water System						X	
Treatment Plant Staffing						X	
Wastewater Collection						X	
Wastewater Maintenance						X	
Water & Wastewater Engineering						X	
Water & Wastewater Operations Administration						X	
						X	
Water Campus Wastewtr Reclamation Plant						X	
Water Conservation						X	
Water Distribution						X	
Water Production						X	
Water Resources Administration						X	
Water/Wastewater Quality						X	
WestWorld Golf Recharge						X	
Municipal Services							
Alley Maintenance	X						
Asset Management						X	
Capital Project Management						X	
Commercial Refuse Collection	X						
Container Repair Program	X						
Emergency Response Team				X			
Field Services Administration				X			
Fleet Maintenance & Operations						X	
Fleet Management Administration						X	
Fleet Parts Supply						X	
Fuel						X	

**Program Budget Relationship
with Mayor & City Council's Broad Goals**

Budget by Fund

	Goal A Neighborhoods	Goal B Preservation	Goal C Transportation	Goal D Economy	Goal E Public Safety	Goal F Fiscal and Resource Management	Goal G Open and Responsive Government
Household Hazardous Waste	X						
Municipal Services Administration						X	
Residential Refuse Collection	X						
Solid Waste Management Admin Svcs	X						
Stormwater Management	X					X	X
Street Cleaning	X						
Street Light Maintenance			X			X	
Street Overlays And Maintenance			X				
Street Signs And Markings			X				
Traffic Signals			X				
Transfer Station Operations	X						
Unpaved Roads And Drainage System Maint			X				
Vehicle Acquisition						X	
Citizen & Neighborhood Resources							
Citizen & Neighborhood Administration	X						
Code Enforcement	X						
Customer Service & Communications	X						
Information Resources	X						X
Neighborhood Services	X						
Human Resources							
Diversity & Dialogue							X
Employee Programs						X	X
Human Resources						X	X
Human Resources Administration						X	X
Learning & Organization Development						X	X
Economic Vitality							
Economic Development				X			
Economic Vitality Administration				X			
Existing Business Services				X			
Hospitality Development				X			
Revitalization				X			
Planning & Development Services							
Customer Services		X					
Development Services	X	X	X				
Planning & Development Administration		X					
Planning Services		X					

Capital Improvement Plan

Five-Year Capital Improvement Plan

The material presented in this section provides an overview of the City's CIP development process, project evaluation criteria, funding sources, operating impacts associated with capital projects, and a capital projects list. For further detail, please see Volume Three.

The Capital Budget authorizes and provides the basis for control of expenditures for the acquisition of significant City assets and construction of all capital facilities. A five-year Capital Improvement Plan is developed and updated annually, including anticipated funding sources. Under state law, Capital Budget appropriations lapse at the end of the fiscal year. As part of the annual budget development process the City must re-budget the appropriations until the project is complete and capitalized with the exception of ongoing projects.

New for FY 2006/07

Ongoing projects do not have a completion date and the prior year budget appropriation has typically been re-budgeted for several fiscal years, as required by state law. The budgets and inception-to-date expenditures for these projects have accumulated or "compounded" over the years as a result, and do not accurately reflect the amounts that are relevant to the current fiscal year budget. In order to eliminate the compounding effect on the budget and inception-to-date expenditures, continue to comply with state law, and to only show the portion of the amounts that are applicable to FY 2006/07 (or new budget year), a new process was implemented in this capital budget.

The new process will list ongoing projects under two different project numbers.

- The first project number will be the one originally assigned in prior years and will include prior year budget appropriation being carried forward into the new budget year.
- The second project number will begin with the prefix "Y" and will include new appropriation budgeted for FY 2006/07 and appropriation forecasted for the four subsequent years.

This arrangement serves as a mechanism for each Department to closely track their ongoing project's prior year appropriation, its related inception-to-date expenditures and to close the original project during FY 2006/07. When the original project is closed, the newly assigned project number with the prefix "Y" will be the only active project. This "Y" project number will become permanent. Also, this ongoing project will include the new appropriation budgeted for FY 2006/07, which would be reviewed by the Budget staff as part of the budget development process each year. Based on this review, the budget appropriation will either be carried forward on a very limited basis or closed out. Closing out 100% of the "Y" projects' unused balance is the desired goal. The Appendix section in this volume includes a cross-walk of the ongoing projects for reference

As capital improvement projects are completed, the operating costs associated with these facilities is funded in the Program Operating Budget.

The Program Operating Budget authorizes and provides the basis for control of operating expenditures for both internal and citizen services, including operating and maintaining new capital facilities. Program Operating Budget appropriations lapse at the end of the fiscal year. The Program Operating Budget is funded with recurring annual revenues such as taxes, licenses, fines, user fees, and interest income.

The following guidelines determine what is a CIP project:

- Relatively high monetary value (at least \$25,000)
- Long life (at least five years)
- Results in creation of a fixed asset, or the revitalization of a fixed asset

Included within the above definition of a CIP project are the following items:

- Construction of new facilities
- Remodeling or expansion of existing facilities
- Purchase, improvement and development of land
- Operating equipment and machinery for new or expanded facilities

Capital Improvement Plan

- ❑ Planning and engineering costs related to specific capital improvements
- ❑ Street construction, reconstruction, resurfacing or renovation

In general, automotive and other rolling stock, personal computers, and other equipment not attached to or part of new facilities are not included as a CIP project. The exception to this is when the aggregate dollar amount of all the items are of a considerable value that they are grouped together and considered as a single capital project.

The City of Scottsdale uses two cross-departmental CIP Review Teams, one for review of construction related projects and the other for review of technology related projects. The **Construction Review Team** (see Appendix in Volume One for a list of staff names) consists of eight individuals from a variety of programs and professional disciplines to review project submissions and ensure that:

- ❑ Projects are scoped properly (a building has ADA access, includes telephones, computers, etc.)
- ❑ Infrastructure components are coordinated (a waterline is installed at the same time as a roadway improvement at a specific location)
- ❑ Long-term operating impacts are included in estimates (staffing, utility and maintenance costs are considered)
- ❑ Timeframes for construction activity and cash flow requirements are realistic
- ❑ Projects are coordinated geographically (i.e., not more than one north/south major thoroughfare is restricted at a time), and
- ❑ Project costs are reviewed to determine the adequacy of the budget and appropriate funding sources

The **Technology Review Team** (see Appendix in Volume One for a list of staff names) included ten individuals from a variety of programs to review technology project submissions and ensure that:

- ❑ Project meets City's current hardware, software and security standards
- ❑ If technology will be accessed from remote locations, what network bandwidth requirements are needed to support the application
- ❑ Long-term operating impacts are included in estimates (training, maintenance and support)

- ❑ Who is responsible for funding ongoing maintenance of hardware, operating system, application and database, if applicable
- ❑ Who is responsible for day-to-day support
- ❑ Does the system require after hours technical support
- ❑ Includes funding to cover ongoing monthly communication costs associated with the system, if applicable
- ❑ Backups and data retention have been considered
- ❑ Disaster recovery and security considerations have been taken into account

While these examples are not exhaustive they provide excellent examples of the value added through project review by cross-departmental teams.

Each department was required to submit new funding requests to the Budget Office, who then compiled the information for the applicable CIP review team. If the review teams had questions concerning a request, the departments were asked to clarify the issue to assist the review team in prioritizing the project against all City needs.

After this far-reaching review process the CIP review teams prioritize the projects. Projects are prioritized based on City Council's broad Goals, department priorities, anticipated funding sources, and during the first review the International City/ County Management Association (ICMA) Project Prioritization Matrix as adjusted for the City of Scottsdale. The ICMA Prioritization Criteria were obtained from Capital Projects: New Strategies for Planning, Management, and Finance, Copyright 1989, pp 85-87.

The twelve prioritization criteria used by Scottsdale for construction related projects are:

1. **Capital Cost** - This element is for the total cost of constructing or installing the proposed work. Of particular concern in assigning a score for this element is the question of what makes a project a high or low priority. For purposes of this evaluation, use the following rating range:

Capital Improvement Plan

CAPITAL COST	SCORE
Under \$100,000	5
\$100,000 - \$1,000,000	4
\$1,000,000 - \$5,000,000	3
Over \$5,000,000	2

This “forced” scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current financial status of CIP funds. A project that is relatively expensive that should be deemed an overall high priority project will have its rank bolstered by other evaluation elements in which it will receive high rating scores.

2. **Annual Recurring Costs** - The expected change in operation and maintenance costs. Program operating departments provide year-by-year estimates of the additional costs or reductions likely in the program budget because of the new project. Also to be considered are changes in revenues that may be affected by a project, for example, the loss in property taxes incurred when private land is used for a capital project. See Capital Projects Operating Impacts schedule in the Project List section on page 38.
3. **Health and Safety Effects** - This criterion includes health-related environmental impacts like reductions/increases in traffic accidents, injuries, deaths, sickness due to poor water quality, health hazards due to sewer problems, etc.
4. **Community and Citizen Benefits** - Economic impacts such as property values, the future tax base, added jobs, income to citizens, changes in business income, and the stabilization (or revitalization) of neighborhoods. Such impacts may apply more to capital projects related to growth and expansion than to infrastructure maintenance although deteriorating structures can adversely affect business.
5. **Environmental, Aesthetic, and Social Effects** - A catch-all criterion for other significant quality-of-life-related impacts, this includes community appearance, noise, air and water pollution effects, households displaced, damage to homes, effect on commuters, changes in recreational opportunities, etc.
6. **Distributional Effects** - Estimates of the number and type of persons likely to be affected by the project and nature of the impact; for instance, explicit examination of project impact on various geographical areas; on low-moderate income areas; and on specific target groups. Equity issues are central here - who pays, who benefits, and the social goals of the jurisdiction.
7. **Public Perception of Need** - This criterion refers to project assessment of (a) the extent of public support; (b) interest group advocacy and/or opposition.
8. **Feasibility of Implementation** - This element is a measure of (a) special implementation problems (i.e., physical or engineering restraints) and (b) compatibility with the General Plan.
9. **Implication of Deferring the Project** - Deferring capital projects is tempting for hard-pressed governments but an estimate of the possible effects, such as higher future costs and inconvenience to the public, provides valuable guidance in proposal assessment.
10. **Uncertainty of Information Supplied** - Amount of uncertainty and risk - For each proposal, each of the above criteria will have associated with it some degree of uncertainty as to cost estimates, effect on service quality, or impact of new procedures. When substantial uncertainties exist regarding any of the evaluation criteria for any proposal, the City should consider estimating, at least in broad terms, the amount of uncertainty — probability of occurrence — and the magnitude of the likely negative consequences. Few cities generate such information but even “educated guesses” are useful here.
11. **Effect on Inter-Jurisdictional Relationships** - Possible beneficial/adverse effects on relationships with other jurisdictions or quasi-governmental agencies in the area constitute this criterion. Such effects, i.e., waste disposal via landfills in other jurisdictions, are likely to require special regional coordination and could impair the proposal’s attractiveness.
12. **Mayor and City Council’s Broad Goals** - If a capital project directly addresses the Mayor and City Council’s Broad Goals, the relative attractiveness of that project increases.

Capital Improvement Plan

The ten prioritization criteria used by Scottsdale for technology related projects are:

1. **Capital Cost** - This element is for the total cost of constructing or installing the proposed work. Of particular concern in assigning a score for this element is the question of what makes a project a high or low priority. For purposes of this evaluation, use the following rating range:

CAPITAL COST	SCORE
Under \$100,000	5
\$100,000 - \$1,000,000	4
\$1,000,000 - \$5,000,000	3
Over \$5,000,000	2

Again, this “forced” scoring should not be considered adversely with respect to an individual project. It is simply an acknowledgment of the current financial status of CIP funds. A project that is relatively expensive that should be deemed an overall high priority project will have its rank bolstered by other evaluation elements in which it will receive high rating scores.

2. **Annual Recurring Costs** - This element reflects other costs relative to a proposed project, including operation and maintenance (O&M) costs, licensing costs, and potential revenues generated by the completed project. If a project has potentially high O&M and licensing costs, then a lower rating should be assigned. If a project has the potential of generating revenues, then a higher rating should be assigned. Overall, the score for this element should reflect a compilation of all three factors. See Capital Projects Operating Impacts schedule in the Project List section on page 38.
3. **Technological Infrastructure** - This criterion refers to projects required to maintain the technology infrastructure for essential City operations. This would include such items as networks and servers; telephone PBX, extension or improvements to the Wide Area Network for remote locations, etc. Projects that include elements related to these items would be scored higher than projects that don't support the integrity of the technology infrastructure.

4. **Service Enhancement And Staff/Citizen Benefits** - This element considers the impacts that a project may have on service and the benefits the project may offer to citizens or staff members. This criterion should be viewed in terms of the numbers of citizens or staff members that may benefit from the project and how a service may be enhanced by the project.

5. **Distributional (Cross-Departmental) Effects** - This element deals with the extent of influence of a proposed project. The impacts and benefits may be spread over the community at-large, to a specific geographic area, to the entire City staff or to specific City staff at specific locations.

An example of a project that would receive a higher rating score would be a utility billing project where almost all citizens would benefit from the project and some staff members also benefit. Compare this to a transit technology project that targets a specific population, and benefits a limited number of staff members.

6. **Feasibility of Implementation** - This element is a measure of: (a) special implementation problems, i.e. physical and engineering restraints and (b) compatibility with the City's overall Technology Plan. A project would be considered for a higher rating score if it has few restraints to accomplish it and is also compatible with the overall Technology Plan.

7. **Implication of Deferring the Project** - This element accounts for the downside risk incurred for deferring a project, such as higher future costs, loss of contributions, continued inconvenience to the public and staff, possible constraints to network capacity, deterioration of the City's technology infrastructure or legal liability. In this evaluation, increased implications for delaying a project translates into a higher rating score.

Projects that address the limitations of a system or software package that may render a system unusable if corrective measures are not taken would score high for this element. In addition, a lower -score might be in order if future lower-costs associated with technology would come into the equation.

Capital Improvement Plan

8. Uncertainty of Information Supplied - This element measures the success potential of a proposed project. Rating scores should be awarded based on the accuracy of information given by the proposing department, the detail of cost estimates, and the potential of the project going awry due to its very nature. Lower rating scores will be assigned for projects that, basically, have insufficient information to allow a “good” review of the project for prioritization.

9. Effect on Regional Governance - Rating scores should be determined based on the possible beneficial or adverse effects on a proposed project due to relationships with other jurisdictions or quasi-governmental agencies in the area. Such effects may require special regional coordination that could directly impact the success or scheduling of a project. The identification of such impacts may result in lower rating scores until such issues are resolved.

10. Mayor and City Council’s Broad Goals

- The question to answer is simply “does it or doesn’t it” and, if the proposed project does, to what degree are the Mayor and City Council’s Broad Goals being met?

After all proposed projects are prioritized using these criteria, the list of projects is reviewed from two more viewpoints: (1) Does the list stand an “intuitive check”? Do projects fall in the priority order that was “anticipated”?; and (2) Are there any linkages between projects? Are any projects related to each other in such a manner that having them accomplished concurrently would be advantageous? What about sequencing or timing? Are any projects dependent on the completion of other projects? Adjustments to the priority list may be necessary dependent on this final review. The operating impact of capital projects are also analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational expenditure savings associated with projects are also taken into consideration (net operating costs) during the capital project review.

The CIP Advisory Team and the Technology Board subsequently review the prioritized projects. These two groups include senior management and key staff members who provide an enterprise-wide view for synergy and priority while balancing project requests against known City Council objectives. After their

review is completed members of the CIP Advisory Team and Tech Board present the recommended five-year CIP to the City Manager. The City Manager reviews the recommended five-year CIP applying a policy perspective while considering Citywide needs. The City Council Budget Subcommittee and the full Council then review the recommended five-year CIP plan during budget work/study sessions and public hearings prior to budget adoption.

Capital Improvement Plan

Capital Improvement Plan - Source of Funds

The Capital Improvement Plan (CIP) uses funding from prior year carryovers. Prior year carryovers are “blended” funding from the various funding sources described below. For FY 2006/07 – 2010/11 the funding added to the prior year carryovers includes 2000 voter-approved bonds and Preservation General Obligation (G. O.) Bonds. These G. O. Bonds, together with Municipal Property Corporation (MPC) Bonds, provide the bond-funded portion of the plan, which is approximately 66.5% of the CIP funding in FY 2006/07 – 2010/11. Approximately 33.5% of Scottsdale’s FY 2006/07 – 2010/11 CIP is funded with pay-as-you-go revenues which include development fees, dedicated sales tax revenues and contributions from fund balance transfers. The pie chart represents funding source percentages for FY 2006/07 – 2010/11.

Funding sources for the CIP are presented on a cash flow basis. These revenue sources are presented in the period that the revenue is expected to be collected. Funding sources include estimated balances on hand at the beginning of the period as well as revenue expected to be received during the period. As a result of presenting revenue on the cash basis, pay-as-you-go funding sources do not equal budgeted expenditures in each period, sometimes creating a fund deficit as cash accumulates for project expenditures in subsequent years.

All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service pay for it. For example, general tax revenues and/or G.O. Bonds appropriately pay for projects that benefit the general public as a whole. User fees, development fees, and/or contributions pay for projects that benefit specific users. Other factors considered when funding the capital plan are whether the financing method provides funding when needed and the financial costs associated with the funding source. The following summarizes the funding sources for the CIP.

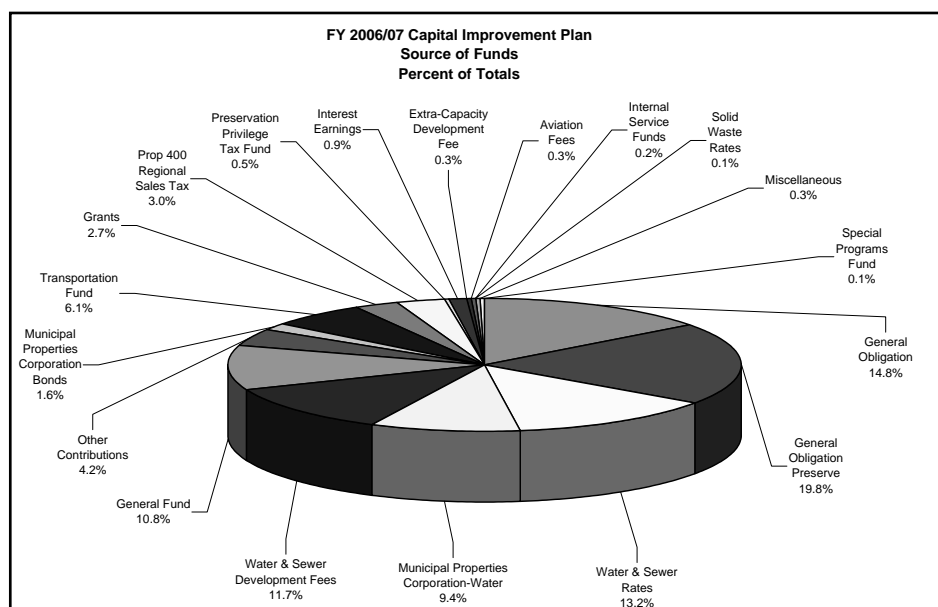
Bond 2000 are General Obligation Bonds that were authorized by voters in calendar year 2000 and are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer’s property taxing power, and must be authorized by the electorate.

General Obligation (G.O. Bonds) are bonds secured by the full faith and credit of the issuer. G.O. Bonds issued by local units of government are secured by a pledge of the issuer’s property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and roads.

General Obligation Preserve represent excise tax revenue bonds and G.O. Bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable either (1) solely from and secured by a 0.2% sales tax approved by City Voters in 1995 and issued for the purpose of acquiring land for the McDowell Sonoran Preserve; or (2) solely from and secured by a 0.15% sales tax approved by City Voters in 2004 and issued for the purpose of acquiring land and preserve-related construction, such as proposed trailheads for the McDowell Sonoran Preserve.

Water & Sewer Rates are utility bill revenues received from the sale of domestic water and the fees collected for the disposal of sanitary sewer waste from customers within the City. Water & Sewer operating revenues in excess of operating expenditures are transferred to the CIP to fund water and sewer capital improvement projects.

Municipal Property Corporation-Water represents bonds issued by the Municipal Property Corporation (MPC), a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation,



Capital Improvement Plan

but does not require voter approval. Pledged revenue streams, in this instance water rates, finance the repayment of MPC debt.

Water & Sewer Development Fees are revenues received from developers when new construction developments are made. These fees are based upon the increased costs of providing additional infrastructure and services in the development areas.

General Fund represents the transfer of cash from the General Fund to fund the “pay-as-you-go” contributions from general revenues for capital projects without a dedicated funding source, such as Bond 2000 or Transportation Sales Tax.

Other Contributions represent amounts paid by other organizations to pay for capital projects. Other contributions come from developers to pay for capital projects in development areas, the Maricopa County Flood Control District (FCD), and the Arizona Department of Transportation (ADOT), to name a few.

Municipal Property Corporation (MPC) Bonds are issued by the Municipal Property Corporation, a non-profit corporation established to issue bonds to fund City capital improvements. The debt incurred by the corporation is a City obligation, but does not require voter approval. Pledged revenue streams, in this instance excise taxes, finance the repayment of MPC debt.

Transportation Fund

Highway User Revenue Fund (HURF) represents the City’s allocation of the Arizona Highway User Revenue Tax and other transportation related revenues. The amount available to each City is allocated based on population, which is determined by the latest federal census. These monies must be used for street construction, reconstruction, maintenance or transit.

Transportation Privilege Tax represents revenues received from the 1989 voter approved 0.2% sales tax on local retail and other sales.

Grants represent revenues received from federal or state sources. Most grants require a matching funding source with the percentage of the match dependant on grant requirements. The funding is restricted in use to the improvements requested and approved in the grant application.

Prop 400 Regional Transportation Sales Tax represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction (Proposition 400).

Preservation Privilege Tax Fund represents revenues received from the 1995 voter approved 0.2% sales tax on local retail and other sales and is dedicated to purpose of acquiring land for the McDowell Sonoran Preserve and revenues received from the 2004 voter approved 0.15% sales tax on local retail and other sales and is dedicated to purpose of acquiring land and construction of essential preserve related necessities such as proposed trailheads for the McDowell Sonoran Preserve.

Interest Earnings represents interest earnings on cash balances on hand in the General Fund Capital Improvement Fund. The amount of interest earned on funding sources other than bond proceeds is allocated to capital improvement projects that do not have a dedicated funding source.

Extra-Capacity Development Fee represents fees paid by developers to pay for the extra-capacity demands they put on current water and sewer infrastructure when developing raw land or renovating existing development and intensifying water and sewer needs.

Aviation Fees represent fee revenues received from users of the City’s municipal airport and related facilities. Fees paid include transient landing fees, tie down fees, hangar fees, etc.

Solid Waste Rates represent utility bill revenues received for the collection and disposal of solid waste from residential and commercial customers.

Internal Service Funds represent revenues received for services provided to internal customers. The City has two internal service funds (Fleet and Self-Insurance Funds). Fleet rates represent revenues from the City’s Fleet Fund and per financial policy are restricted to use for improvements to facilities providing maintenance services to the City’s rolling stock, the replacement of rolling stock, and the administration of the program. Self Insurance Funds represent revenues received from the City’s Self-Insurance Fund and per financial policy are restricted to use for self-insurance expenditures and the administration of the program.

Miscellaneous funding represents revenues from several sources (groundwater treatment, reclaimed water distribution, and in-lieu fees) that are aggregated for reporting purposes.

Special Programs Fund represents revenues from dedicated funding sources and donations earmarked for specific purposes (i.e., Racketeering Influenced Corrupt Organization (RICO), Court Enhancement Fund (CEF)).

Prior year Carryovers are committed funds from prior year purchase orders that are re-budgeted until they are expended and uncommitted funds re-budgeted until the projects are completed.

Capital Improvement Plan

Capital Improvement Plan - Use of Funds

The Capital Improvement Plan (CIP) is comprised of seven major programs:

- Community Facilities
- Preservation
- Drainage & Flood Control
- Public Safety
- Service Facilities
- Transportation
- Water Management

The pie chart represents the percentages for each major program, while the table on page 10 presents the five-year comparison of the major programs.

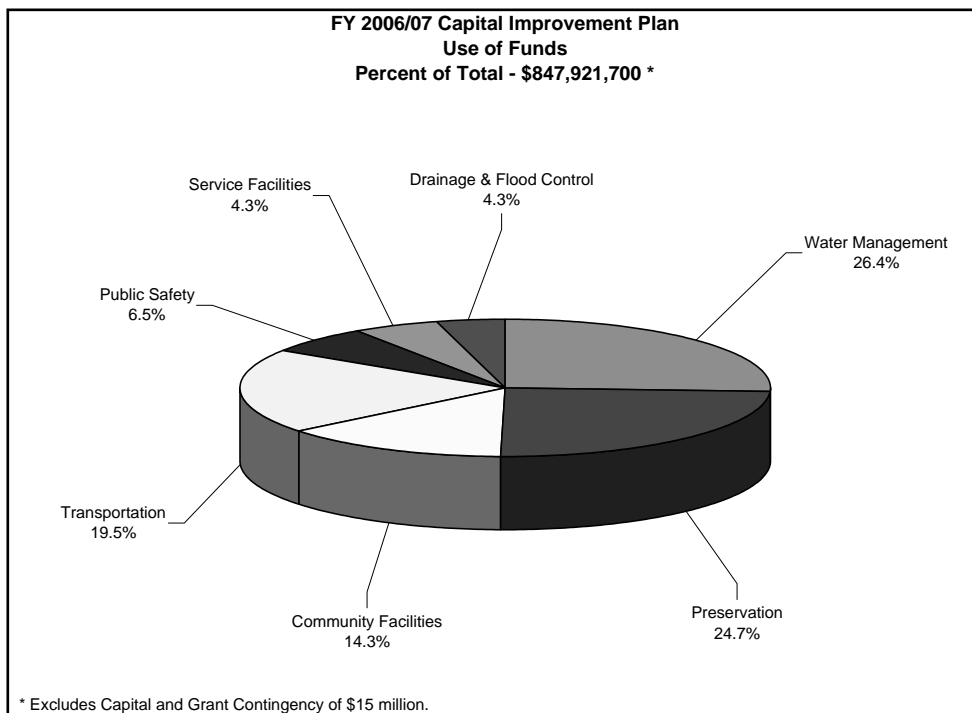
Expenditures are presented on a budget basis rather than a cash flow basis. Governmental budgeting procedures require adequate budget to pay for the entire contract to be available and appropriated in the period in which a contract is entered into by the City. However, actual cash flows (expenditures) under the contract generally take place over more than one year and match cash flow funding receipts.

The following summarizes the seven major programs that comprise the total Capital Improvement Plan.

Community Facilities programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained by providing neighborhood recreations facilities, parks and libraries. These recreational needs are met by providing parks, park improvements, multiuse paths, neighborhood enhancements, youth sports lighting, aquatic centers, library facilities and senior centers. Approximately 14.3% (\$121.2 million) of the CIP has been identified to address the needs of this program.

Preservation addresses the City Council Broad Goal of preserving the character and environment of Scottsdale. This goal is met by land acquisition activities for the McDowell Sonoran Preserve for the purpose of maintaining scenic views, preserving native plants and wildlife, and providing public access to the McDowell Mountains and Sonoran Desert. The 1998 election expanded the recommended study boundary from the original 12,876 acres to 36,400 acres. The 2004 election provided an additional revenue stream (0.15% sales tax rate increase) as well as the bonding capacity (\$500.0 million) that continues to provide authority to carry on preservation efforts. Approximately 24.7% (\$209.4 million) of the CIP has been identified to address this program in FY 2006/07.

Drainage and Flood Control addresses the City Council Broad Goals of protecting a diverse, family-oriented community where neighborhoods are safe and well maintained; and coordinating planning to balance infrastructure and resource needs within the



Capital Improvement Plan

budget. This program achieves these goals through flood plain mapping, meeting regulatory requirements, and identifying and correcting hazards to reduce future flood damage potential. This is accomplished through the use of detention basins, culvert and channel projects, and a program of neighborhood drainage improvements. Approximately 4.3% (\$36.3 million) of the CIP has been identified to address the drainage and flood control needs of the City.

Public Safety programs address the City Council Broad Goal of enhancing and protecting a diverse, family-oriented community where neighborhoods are safe and well maintained. This goal is met by providing fire and police stations, training facilities, and automation systems related to fire and police operations. In FY 2005/06 the City began operating a municipal fire department after contracting fire services for several years. Fire protection includes such programs as public education, emergency medical services and fire prevention. The Police Department recognizes the changing needs of our community and addresses those needs by maximizing community outreach and looking at creative alternatives in its crime prevention efforts. Approximately 6.5% (\$55.2 million) of the CIP has been identified to address the public safety needs of the City.

Service Facilities programs address the City Council Broad Goal of coordinating land use and infrastructure planning within the context of financial demands and available resources. These programs achieve this goal through the renovation of current facilities and technology needs necessary for the efficient and effective operations of the City. Approximately 4.3% (\$36.4 million) of the CIP has been identified to address this program.

Transportation programs address the City Council Broad Goal of providing for the safe, efficient, and affordable movement of people and goods. This program meets this goal by attempting to offer real transportation choices in a way that meets the needs of the community. In 1989 voters authorized a 0.2% privilege tax to fund transportation operations and improvements. In 2004 voters approved a 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction. This program looks for the best use of these funding sources and addresses the multi-modal concept. Approximately 19.5% (\$165.3 million) of the CIP has been identified to address the transportation needs of the City.

Water Management addresses the City Council Broad Goal of coordinating land use and infrastructure planning within the context of financial demands and available resources. This program achieves this goal by delivering safer, reliable water and providing wastewater services. This program also reflects the City's commitment to federal and state regulations. Approximately 26.4% (\$224.1 million) of the CIP has been identified to address the water and wastewater needs of the City.

Capital Improvement Plan - Use of Funds
In Thousands of Dollars

Major Programs	2006/07	2007/08	2008/09	2009/10	2010/11
Community Facilities	121,200.2	48,340.4	2,595.2	1,541.5	6,378.7
Preservation	209,425.9	752.3	2,088.0	100.0	300.0
Drainage & Flood Control	36,276.6	1,538.0	885.0	500.0	500.0
Public Safety	55,230.2	4,158.8	684.3	724.3	713.3
Service Facilities	36,391.1	22,392.0	9,137.8	4,409.9	4,229.7
Transportation	165,293.6	39,223.1	27,592.4	19,971.8	12,050.0
Water Management	224,104.1	34,355.0	23,966.3	38,180.2	30,300.0
Total Expenditures (a)	847,921.7	150,759.6	66,949.0	65,427.7	54,471.7
Prior Year Unexpended (b)	-	551,149.1	456,240.7	340,073.3	263,575.6
Unexpended at Year End (Re-budgets) (c)	(551,149.1)	(456,240.7)	(340,073.3)	(263,575.6)	(206,730.8)
Transfers out to Debt Services (d)	6,823.5	6,766.3	6,328.0	6,314.7	6,278.7
Total Use of Funds	303,596.1	252,434.3	189,444.4	148,240.0	117,595.3

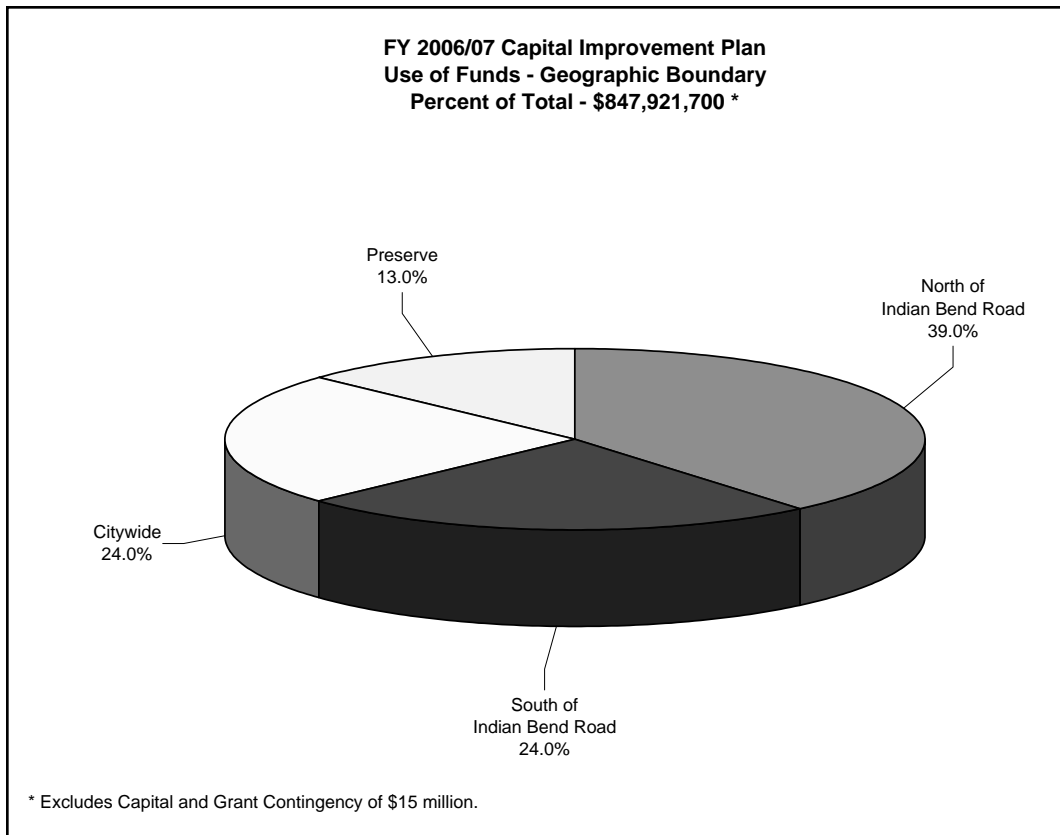
(a) Excludes Capital and Grant Contingency of \$15 million in FY 2006/07 and \$9.5 million in subsequent years.

(b) Prior year unexpended is estimated at 65% of prior year budget.

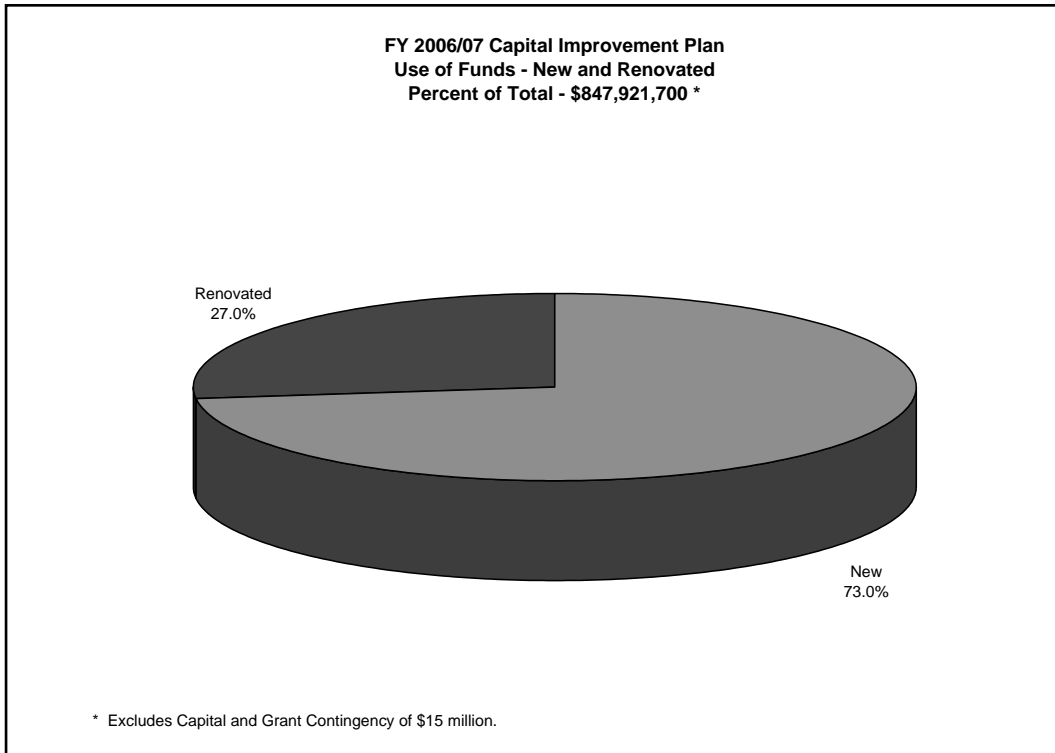
(c) Unexpended at year end (rebudgets) are estimated at 65% of total expenditures.

(d) To pay for the debt service costs of bonds that were issued to cover expenditure of CIP projects funded by development fees, for which revenue was not yet available to the City.

Capital Improvement Plan



Capital Improvement Plan



Capital Improvement Plan

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Adopted Fiscal Year 2006/07 Budget
Fund Summaries
Capital Improvement Plan
(in thousands)

	Actual 2004/05	Adopted 2005/06	Forecast 2005/06	Adopted 2006/07
Source of Funds:				
Beginning Fund Balance *	364,589.1	218,484.8	245,301.7	256,856.6
Revenues:				
Bonds/Contracts				
General Obligation	-	125,000.0	125,000.0	-
General Obligation Preserve	-	20,000.0	20,000.0	-
Municipal Properties Corporation	20,000.0	57,400.0	46,508.0	17,400.0
Municipal Properties Corporation-Water	-	91,500.0	88,360.0	-
Certificates of Participation	7,650.0	-	-	-
Pay-As-You-Go				
Water & Sewer Development Fees	20,155.5	16,414.6	21,802.7	23,071.0
Extra Capacity Development Fee	-	-	-	-
Regional Transportation Sales Tax (Prop 400)	-	-	-	8,731.4
Grants	4,603.5	15,820.6	13,442.5	8,307.3
Other Contributions	244.4	17,057.0	5,818.4	24,343.0
Interest Earnings	2,207.5	3,177.7	2,172.7	2,172.3
Miscellaneous	2,054.4	267.0	1,280.3	1,015.0
Subtotal	56,915.3	346,636.9	324,332.5	85,040.1
Transfers In				
General Fund	17,118.2	33,402.9	33,402.9	45,389.7
Transportation Fund	10,918.1	9,232.3	10,423.8	11,097.4
Preservation Privilege Tax Funds	2,581.9	17,850.0	3,189.0	2,110.0
Special Programs Fund	906.0	267.9	381.4	177.0
Aviation Fund	792.2	1,398.0	43.1	1,830.7
Water & Sewer Fund	34,891.9	22,140.1	26,869.8	24,022.4
Solid Waste Fund	280.0	398.9	398.9	462.2
Internal Service Funds	2,350.2	236.7	236.7	175.9
Subtotal	69,838.5	84,926.8	74,945.6	85,265.4
Total Revenues & Transfers In	126,753.8	431,563.7	399,278.1	170,305.4
Total Sources of Funds	491,343.0	650,048.5	644,579.8	427,162.0
Use of Funds:				
Program Expenditures				
Community Facilities	41,317.5	169,249.6	151,985.8	121,200.2
Preservation	18,025.8	217,235.9	9,483.9	209,425.9
Drainage & Flood Control	2,131.3	29,470.4	4,777.8	36,276.6
Public Safety	18,880.2	66,623.9	5,560.8	55,230.2
Service Facilities	7,513.3	39,071.6	9,652.2	36,391.1
Transportation	30,387.9	148,183.3	39,682.5	165,293.6
Water Services	117,634.5	225,351.8	159,692.6	224,104.1
Prior Year Unexpended *	-	-	-	-
Subtotal	235,890.4	895,186.5	380,835.5	847,921.7
Less: Estimated Capital Improvement Expenditures (35%)	-	(315,105.6)	-	(296,772.6)
Subtotal: Unexpended at Year End (65%)	-	580,080.9	-	551,149.1
Transfers Out				
To Water & Sewer Operating Funds	10,150.9	6,887.7	6,887.7	6,823.5
Subtotal	10,150.9	6,887.7	6,887.7	6,823.5
Total Use of Funds	246,041.3	321,993.3	387,723.2	303,596.1
Ending Fund Balance				
CIP General Contingency Contingency	3,804.0	4,500.0	1,658.5	4,500.0
CIP Grant Contingency	-	-	-	5,000.0
CIP Airport Grant Contingency	-	-	-	5,500.0
Reserved Fund Balance	241,497.7	323,555.2	255,198.1	108,565.9
Total Ending Fund Balance	245,301.7	328,055.2	256,856.6	123,565.9

* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses). Prior year unexpended uses are estimated at 65% of prior year budget.

Capital Improvement Plan

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

Adopted Fiscal Year 2006/07 Budget
Five-Year Financial Plan
Capital Improvement Plan
(In thousands)

	Adopted 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11
Source of Funds:					
Beginning Fund Balance *	256,856.6	123,565.9	166,809.8	82,613.6	115,659.1
Revenues:					
Bonds/Contracts					
General Obligation	-	88,100.0	-	69,100.0	-
General Obligation Preserve	-	-	-	-	210,000.0
Municipal Properties Corporation	17,400.0	-	-	-	-
Municipal Properties Corporation-Water	-	100,000.0	-	-	-
Certificates of Participation	-	-	-	-	-
Pay-As-You-Go					
Water & Sewer Development Fees	23,071.0	23,844.3	27,169.3	24,486.9	25,466.3
Extra Capacity Development Fee	-	3,000.0	-	-	-
Regional Transportation Sales Tax (Prop 400)	8,731.4	10,640.0	6,000.0	6,925.0	-
Grants	8,307.3	8,724.7	9,212.8	1,530.8	-
Other Contributions	24,343.0	-	500.0	17,900.0	1,750.0
Interest Earnings	2,172.3	2,604.2	2,107.9	1,421.6	722.1
Miscellaneous	1,015.0	530.0	530.0	530.0	530.0
Subtotal	85,040.1	237,443.2	45,520.0	121,894.2	238,468.5
Transfers In					
General Fund	45,389.7	17,580.0	16,883.9	15,395.9	19,422.7
Transportation Fund	11,097.4	12,122.4	12,902.5	13,855.7	14,857.8
Preservation Privilege Tax Funds	2,110.0	250.0	2,088.0	100.0	300.0
Special Programs Fund	177.0	212.8	32.8	62.8	32.8
Aviation Fund	1,830.7	265.0	320.1	395.7	21.6
Water & Sewer Fund	24,022.4	25,921.7	27,059.7	28,925.1	33,408.4
Solid Waste Fund	462.2	20.3	405.3	620.3	20.3
Internal Service Funds	175.9	1,862.9	35.9	35.9	35.9
Subtotal	85,265.4	58,235.1	59,728.1	59,391.3	68,099.5
Total Revenues & Transfers In	170,305.4	295,678.3	105,248.1	181,285.6	306,567.9
Total Sources of Funds	427,162.0	419,244.1	272,058.0	263,899.1	422,227.0
Use of Funds:					
Program Expenditures					
Community Facilities	121,200.2	48,340.4	2,595.2	1,541.5	6,378.7
Preservation	209,425.9	752.3	2,088.0	100.0	300.0
Drainage & Flood Control	36,276.6	1,538.0	885.0	500.0	500.0
Public Safety	55,230.2	4,158.8	684.3	724.3	713.3
Service Facilities	36,391.1	22,392.0	9,137.8	4,409.9	4,229.7
Transportation	165,293.6	39,223.1	27,592.4	19,971.8	12,050.0
Water Services	224,104.1	34,355.0	23,966.3	38,180.2	30,300.0
Prior Year Unexpended *	-	551,149.1	456,240.7	340,073.3	263,575.6
Subtotal	847,921.7	701,908.7	523,189.6	405,501.0	318,047.3
Less: Estimated Capital Improvement Expenditures (35%)	(296,772.6)	(245,668.1)	(183,116.4)	(141,925.3)	(111,316.6)
Subtotal: Unexpended at Year End (65%)	551,149.1	456,240.7	340,073.3	263,575.6	206,730.8
Transfers Out					
To Water & Sewer Operating Funds	6,823.5	6,766.3	6,328.0	6,314.7	6,278.7
Subtotal	6,823.5	6,766.3	6,328.0	6,314.7	6,278.7
Total Use of Funds	303,596.1	252,434.3	189,444.4	148,240.0	117,595.3
Ending Fund Balance					
CIP General Contingency	4,500.0	4,500.0	4,500.0	4,500.0	4,500.0
CIP Grant Contingency	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0
CIP Airport Grant Contingency	5,500.0	-	-	-	-
Reserved Fund Balance	108,565.9	157,309.8	73,113.6	106,159.1	295,131.7
Total Ending Fund Balance	123,565.9	166,809.8	82,613.6	115,659.1	304,631.7

* Prior year unexpended sources and uses of funds are estimated and included in Beginning Fund Balance (Sources) or by program (Uses). Prior year unexpended uses are estimated at 65% of prior year budget.

Capital Improvement Plan

PROJECT LIST

Capital Project List - Alphabetical by Project Name

The following is a summary of the Capital Projects, listed in alphabetical order, that are included in the City's five-year Capital Improvement Plan (CIP) for the period of Fiscal Year 2006/07 through Fiscal Year 2010/11. Please note that only the first year (FY 2006/07) of the CIP is adopted by the City Council. Subsequent years are presented solely for long-term planning purposes and may be funded in future periods, based on emerging community priorities and available funding. Further project detail, such as project descriptions, specific funding source(s), and location of the project, are included in Volume Three. The column on the right-hand side of the matrix indicates the specific page where the project detail can be found in Volume Three.

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
S0701	74th St. - Belleview to McDowell	-	500.0	-	-	-	-	500.0	144
F0303	86th Street Corridor Drainage Improvements	(0.4)	1,543.0	-	-	-	-	1,543.0	78
S9903	96th Street – Shea Blvd. to Sweetwater Blvd.	(3,523.1)	3,589.0	-	-	-	-	3,589.0	144
B8805	Accessibility – Facility Modifications	(1,030.7)	1,830.2	218.2	200.0	-	-	2,248.4	100
A0308	ADOT E3S12 Design	(197.4)	200.2	-	-	-	-	200.2	135
A0409	ADOT E4S39 Security Improvements	(183.8)	266.6	-	-	-	-	266.6	135
TEMP527	Advance Water Treatment Plant - Phase 4	-	-	-	-	-	2,000.0	2,000.0	173
V0204	Advanced Water Treatment Plant – Phase 3	(9,257.2)	13,100.0	-	-	-	-	13,100.0	173
P0302	Aging Park Facility Renovations	(1,442.8)	1,558.3	-	-	-	-	1,558.3	61
P0204	Aging Parks – Chaparral Pool Building	(1,443.0)	1,605.0	-	-	-	-	1,605.0	61
A0509	Airport - Future Grants	-	5,500.0	-	-	-	-	5,500.0	135
A0508	Airport Maintenance Facility	(80.1)	750.0	-	-	-	-	750.0	135
A0706	Airport Master Plan Update	-	172.5	-	-	-	-	172.5	136
A0502	Airport Parking Lot Lighting Upgrades	(3.8)	76.5	-	-	-	-	76.5	136
A0710	Airport Pavement Preservation Program	-	183.0	150.0	150.0	50.0	-	533.0	136
A0408	Airport Perimeter Blast Fence	(400.4)	482.5	-	-	-	-	482.5	137
TEMP534	Airport Runway Resurfacing Project	-	-	-	1,552.5	-	-	1,552.5	137
A0401	Airport Security Fencing	-	249.8	-	-	-	-	249.8	137
A0703	Airport Security System Enhancements	-	65.0	-	-	-	-	65.0	138
A0302	Airport Terminal Area Renovations	(505.8)	2,742.0	-	-	-	-	2,742.0	138
NEWB5	Airport Terminal Parking Garage	-	-	-	3,133.8	-	-	3,133.8	138
W2105	Alameda/122nd Street Booster Pump Station	(18.6)	1,550.0	-	-	-	-	1,550.0	180
M0606	Alternate Computing Site	(32.0)	904.0	-	-	-	-	904.0	108
B0701	Appaloosa Library	-	837.2	9,814.5	-	-	-	10,651.7	44
P0701	Arabian Library Books	-	1,000.0	-	-	-	-	1,000.0	44
P0201	Arabian Library Phase II	(746.8)	10,443.4	-	-	-	-	10,443.4	44
*W3705	Architect/Engineer Services	(1,693.3)	1,710.0	-	-	-	-	1,710.0	180
*Y0727	Architect/Engineer Services.	-	150.0	-	150.0	-	150.0	450.0	180
W2106	Arsenic Mitigation Treatment	(72,250.2)	88,500.0	-	-	-	10,000.0	98,500.0	181
*P8740	Art In Public Places	(5,364.1)	3,463.8	-	-	-	-	3,463.8	47
*Y0716	Art In Public Places.	-	1,237.2	931.3	345.2	311.3	412.6	3,237.6	48
T9005	Arterial Roadway Street Lighting	(318.5)	828.1	-	-	-	-	828.1	158
D0706	Artist Waterfront Canal Bridge	-	500.0	-	-	-	-	500.0	48
T0601	ASU Scottsdale Center Transit Passenger Facility	(163.8)	2,392.3	543.4	564.3	-	-	3,500.0	162
F8410	Automated Flood Warning System – North Area	(56.8)	194.4	-	-	-	-	194.4	78
A0505	Aviation Design Projects 06/07	(187.0)	405.5	287.5	-	-	-	693.0	139
A0504	Aviation Grant Match Contingency	-	450.0	-	-	-	-	450.0	139

Projects marked with "" represent ongoing CIP projects. For a detailed explanation, please refer to the Overview or Appendix sections of Volume Three.

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
A0301	Aviation Noise Exposure Maps	(319.6)	340.9	-	-	-	-	340.9	139
M0712	Backup of Police Mission Critical System Components	-	273.8	-	-	-	-	273.8	108
S0501	Bell Road – 94th St. to Thompson Peak Parkway	(433.4)	5,725.0	-	-	-	-	5,725.0	144
*P0704	Bikeways Program	(3,778.6)	5,701.9	-	-	-	-	5,701.9	162
*Y0714	Bikeways Program.	-	2,088.6	1,160.0	1,500.0	1,500.0	1,500.0	7,748.6	162
W9903	Booster Station Upgrades	(325.2)	575.0	-	-	-	-	575.0	181
*T1702	Bus Stop Improvements	(1,892.5)	4,369.8	-	-	-	-	4,369.8	163
*Y0717	Bus Stop Improvements.	-	-	200.0	200.0	200.0	200.0	800.0	163
G9001	Buses Expansion	(4,471.7)	5,289.0	-	1,600.0	-	700.0	7,589.0	163
S2102	Cactus Road – Pima Freeway to Frank Lloyd Wright	(3,240.9)	15,150.4	-	-	-	-	15,150.4	145
S0301	Camelback Road – 64th to 68th St	(280.6)	1,624.4	-	-	-	-	1,624.4	145
S0502	Camelback/Scottsdale and Marshall Way	(909.9)	1,000.0	-	-	-	-	1,000.0	145
P0205	CAP Basin Lighted Sports Complex	(12,586.3)	12,611.5	-	-	-	-	12,611.5	61
W0504	CAP Plant Expansion	(6,539.5)	80,000.0	-	-	-	-	80,000.0	181
W0202	CAP Plant Regulatory Compliance	(43,927.7)	59,400.0	-	-	-	-	59,400.0	182
W0301	CAP Water Connection – Shea to McDonald	(11,625.9)	13,000.0	-	-	-	-	13,000.0	182
NEW69	Case Management System Conversion Consulting	-	-	150.0	-	-	-	150.0	108
P0206	Chaparral Park Extension	(1,793.1)	4,912.7	-	-	-	-	4,912.7	62
W9911	Chaparral Water Treatment Plant	(83,335.6)	83,582.4	-	-	-	-	83,582.4	183
W4702	Chaparral WTP Influent Waterline	(5,181.7)	5,242.8	-	-	-	-	5,242.8	183
W0302	Chaparral WTP Water Distribution System	(9,610.0)	9,500.0	-	-	-	-	9,500.0	183
*T4701	CIP Advance Planning Program	(2,209.4)	4,383.0	-	-	-	-	4,383.0	146
*Y0718	CIP Advance Planning Program.	-	100.0	200.0	200.0	200.0	250.0	950.0	146
Z9400	CIP Contingency	-	4,500.0	4,500.0	4,500.0	4,500.0	4,500.0	22,500.0	109
Z9401	CIP Contingency for Future Grants	-	5,000.0	5,000.0	5,000.0	5,000.0	5,000.0	25,000.0	109
M8838	City Attorney – Automate Criminal Justice System	(185.1)	250.0	-	-	-	-	250.0	109
M0402	City Attorney – Legal Case Matter Management System	(1.2)	160.0	-	-	-	-	160.0	110
M0713	City Document Web Presentation	-	90.0	-	-	-	-	90.0	110
E0402	City Facilities Security Enhancement	(676.4)	815.1	-	-	-	-	815.1	100
P0702	City Hall Lagoon Renovation	-	548.0	-	-	-	-	548.0	100
*E0504	CityCable Audio/Video Equipment Replacements	(57.4)	185.0	-	-	-	-	185.0	110
*Y0704	CityCable Audio/Video Equipment Replacements.	-	52.5	57.8	126.0	105.0	68.3	409.5	111
M0708	Citywide Private Wireless Network Study	-	115.0	-	-	-	-	115.0	111
P0601	Civic Center Library Improvements	(13.9)	665.0	-	-	-	-	665.0	45
D0601	Civic Center Mall West Restroom Renovation	(124.3)	467.0	-	-	-	-	467.0	49
B0507	Civic Center Office Building	(496.0)	4,300.0	-	-	-	-	4,300.0	101
B0702	Club SAR Renovation	-	250.0	-	-	-	-	250.0	62
M0501	Community Services – Class System Upgrades	-	87.4	-	-	-	-	87.4	111
B0605	Community Services Facilities Maintenance	(0.5)	1,590.8	-	-	-	-	1,590.8	101
A0701	Construct Taxiway Guidance Signs	-	1,150.0	-	-	-	-	1,150.0	140
D0702	Construction of Rock Knob and Connecting Preserve Trails	-	110.0	-	-	-	-	110.0	72

Projects marked with "" represent ongoing CIP projects. For a detailed explanation, please refer to the Overview or Appendix sections of Volume Three.

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
P0609	Construction of Trails Supporting the Gateway to the Preserve	-	330.0	-	-	-	-	330.0	72
B0606	Container Repair Facilities	-	318.0	-	-	-	-	318.0	101
V0501	Core North/South Sewer	-	2,598.0	-	-	-	-	2,598.0	173
W0501	Core North/South Water	(23.5)	2,598.0	-	-	-	-	2,598.0	184
B0704	Corporation Yard Fleet Maintenance Facility Expansion	-	140.0	1,827.0	-	-	-	1,967.0	102
B0508	Courts – Customer Service Enhancement	(139.9)	225.0	-	-	-	-	225.0	102
M0611	Courts - Digital Courtroom Recording	-	80.0	-	-	-	-	80.0	112
B0509	Courts – Expansion	(7.5)	400.0	-	-	-	-	400.0	102
* E0204	Crime Laboratory Equipment Replacement	(384.3)	401.0	-	-	-	-	401.0	91
* Y0703	Crime Laboratory Equipment Replacement.	-	112.0	185.0	131.5	171.5	160.5	760.5	91
T0703	Cross Cut Canal Multiuse Path Phase II	-	431.0	1,300.0	-	-	-	1,731.0	164
T0602	Cross Cut Canal Path Extension Project	(86.3)	1,525.0	-	-	-	-	1,525.0	164
TEMP572	DC Ranch Community Park	-	-	-	-	-	5,216.1	5,216.1	62
W8515	Deep Well Recharge/Recovery Facilities	(729.0)	4,100.0	-	1,000.0	-	-	5,100.0	184
A0704	Design and Construct Greenway Hangar Connectors	-	115.0	-	-	-	-	115.0	140
A0705	Design and Construct Retention Basin Improvements	-	270.3	-	-	-	-	270.3	140
B0705	Detention Facility Consolidation	-	535.0	3,421.0	-	-	-	3,956.0	92
M0610	Digital Terrain Model	(211.6)	350.0	-	-	-	-	350.0	112
B0504	District 1 Police Facilities	(852.1)	10,771.0	-	-	-	-	10,771.0	92
B2104	District 2 Expansion	(756.1)	782.6	-	-	-	-	782.6	92
B0501	District 3 Expansion	(177.0)	505.3	-	-	-	-	505.3	93
M0703	Document Imaging and Management	-	222.6	46.2	-	-	-	268.8	112
M0612	Document Management System – Customer Services	(136.4)	391.0	-	-	-	-	391.0	113
M0502	Document Management System - City Attorney	(62.8)	247.0	-	-	-	-	247.0	113
M9906	Document Management System - Courts	(196.8)	400.0	-	-	-	-	400.0	113
D0402	Downtown Façade Program	(171.9)	650.0	-	-	-	-	650.0	49
D0501	Downtown Lighting Improvements	(5.7)	630.0	-	-	-	-	630.0	49
P8734	Downtown Parking	(10,680.1)	10,706.8	-	-	-	-	10,706.8	50
* D0609	Downtown Parking Program Enhancements	(349.1)	585.0	-	-	-	-	585.0	103
* Y0702	Downtown Parking Program Enhancements.	-	180.0	100.0	100.0	100.0	100.0	580.0	103
D0701	Downtown Plan Update & Special Project Implementation-Study	-	500.0	75.0	75.0	75.0	75.0	800.0	50
M0405	Downtown Radio System Expansion	(391.1)	400.0	-	-	-	-	400.0	114
P0309	Downtown Reinvestment	(8,363.9)	8,717.0	-	-	-	-	8,717.0	50
D0703	Downtown Reinvestment Phase II	-	2,850.0	-	-	-	-	2,850.0	51
D0602	Downtown Restrooms	(0.6)	500.0	-	-	-	-	500.0	51
D0208	Downtown Streetscape Amenities	(141.0)	615.3	-	-	-	-	615.3	51
S0312	Downtown Streetscape Enhancement Fund	(290.8)	410.8	-	-	-	-	410.8	51
F0401	East Union Hills Interceptor Channel	(221.7)	1,940.8	-	-	-	-	1,940.8	78
P0502	Eldorado Ballfield Renovation	(37.8)	1,290.0	-	-	-	-	1,290.0	63
B0604	Elevator Renovations	-	212.4	-	-	-	-	212.4	103

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Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
A0702	Environmental Assessment for Airport Land Acquisition	-	157.5	-	157.5	-	-	315.0	141
P0505	Expanded McDowell Sonoran Preserve	(25,285.1)	230,000.0	-	-	-	-	230,000.0	72
E0401	Explosive Ordinance Disposal Equipment	(134.0)	185.0	-	-	-	-	185.0	93
*B9915	Facilities Repair and Maintenance Program	(3,929.1)	2,507.7	-	-	-	-	2,507.7	104
*Y0701	Facilities Repair and Maintenance Program.	-	1,985.5	1,530.5	1,307.5	1,001.0	1,067.5	6,892.0	104
M0302	Financial Services – Automated Time & Attendance System	(316.0)	373.5	-	-	-	-	373.5	114
M0613	Financial Services – E-Procurement	-	67.5	-	-	-	-	67.5	114
M0308	Financial Services – Meter Reading System	(46.6)	159.3	-	-	-	-	159.3	115
M0702	Financial Services – Remittance Process Transport System	-	442.9	-	-	-	-	442.9	115
M0504	Financial Services – Tax, Licensing & Alarm Billing System	(1,305.6)	1,425.7	-	-	-	-	1,425.7	115
M0210	Financial Services – Utility Billing System	(1,549.0)	2,597.6	-	-	-	-	2,597.6	116
M0701	Financial Systems Upgrade	-	131.3	210.0	210.0	210.0	210.0	971.3	116
B0603	Fire Burn Building Update	-	299.0	-	-	-	-	299.0	88
E0701	Fire Ladder Truck	-	920.0	-	-	-	-	920.0	88
E0502	Fire Service – Transition Costs	(5,645.7)	5,700.0	-	-	-	-	5,700.0	88
E0506	Fire Service Communications	(3,472.2)	3,471.6	-	-	-	-	3,471.6	88
B0402	Fire Station #601 – Miller & Thomas Remodel	(56.6)	168.4	-	-	-	-	168.4	89
B0601	Fire Station #601 - Relocate existing station south quadrant	(2.3)	1,165.0	-	-	-	-	1,165.0	89
B0401	Fire Station #602 – Downtown Fire Station	(1,778.2)	5,805.0	-	-	-	-	5,805.0	89
B0403	Fire Station #613 – Jomax and Miller Road	(1.6)	2,160.0	-	-	-	-	2,160.0	89
B9909	Fire Station #827 – Ashler Hills and Pima	(991.3)	1,200.0	-	-	-	-	1,200.0	90
M0601	Fire Station Wireless Technology	(1.0)	253.1	-	-	-	-	253.1	90
M0614	Fleet Management Information System	-	200.5	-	-	-	-	200.5	116
F0302	Floodplain Acquisition Program	(3.0)	2,366.6	-	-	-	-	2,366.6	79
S0304	Frank Lloyd Wright–Scottsdale Rd to Shea	(262.8)	3,415.0	-	-	-	-	3,415.0	146
S0601	Freeway Frontage Road North-Hayden to Pima	(22.2)	1,166.4	6,480.0	-	-	-	7,646.4	147
NEWB3	Freeway Frontage Road South-Hayden to Pima	-	-	1,100.0	6,300.0	3,600.0	-	11,000.0	147
B0511	Fuel/Fleet Maintenance Facility – McKellips Service Center	(128.2)	1,498.9	-	-	-	-	1,498.9	104
V0705	Gainey Ranch Treatment Plant Rehabilitation	-	1,000.0	-	-	-	-	1,000.0	174
P0608	Gateway to the Preserve Amenities	-	2,200.0	-	-	-	-	2,200.0	73
TEMP479	Granite Mountain Trail Restoration and Mitigation	-	-	-	-	100.0	100.0	200.0	73
F0201	Granite Reef Watershed	(39.9)	3,888.0	-	385.0	-	-	4,273.0	79
P0602	Grayhawk Community Park - Phase I	(1.7)	4,965.0	-	-	-	-	4,965.0	63
TEMP547	Happy Valley Road - Pima to Alma School	-	-	-	-	-	500.0	500.0	147
S2103	Hayden Road – Cactus to Redfield	(8,473.4)	10,112.0	-	-	-	-	10,112.0	148
S0202	Hayden Road – Pima Freeway to Thompson Peak Parkway	(11,454.2)	11,459.4	-	-	-	-	11,459.4	148

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Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
S9904	Hayden Road - Princess Drive to Freeway	(4,125.8)	4,126.0	-	-	-	-	4,126.0	148
S0305	Hayden Road and McDonald Drive Intersection Improvement	(2,622.5)	2,651.0	-	-	-	-	2,651.0	149
S0306	Hayden Road and Via de Ventura Intersection Improvement	(197.4)	1,850.0	-	-	-	-	1,850.0	149
TEMP545	Hayden Road Bicycle and Pedestrian Improvements	-	-	-	-	-	300.0	300.0	164
S0201	Hayden/Miller Road – Deer Valley to Pinnacle Peak	(871.6)	1,300.0	-	-	-	-	1,300.0	149
T0603	High Capacity Transit Corridor Study	(600.0)	1,000.0	-	-	-	-	1,000.0	165
S0402	Indian Bend Road – Scottsdale to Hayden	(1,674.8)	13,700.0	-	-	-	-	13,700.0	150
P9901	Indian Bend Wash Lakes Renovation	(1,050.7)	2,493.0	-	-	-	-	2,493.0	63
NEW49	Indian Bend Wash Multiuse Path Renovation	-	-	-	-	600.0	2,400.0	3,000.0	165
T0604	Indian Bend Wash Path Connection	(157.5)	598.3	520.5	-	-	-	1,118.8	165
S0308	Indian School Road – Drinkwater to Pima Freeway	(704.6)	7,000.0	-	-	-	-	7,000.0	150
F0402	Indian School Road Drainage	(62.1)	2,065.0	-	-	-	-	2,065.0	79
TP012	Information Services – Anti-Virus Replacement	-	-	-	61.1	-	-	61.1	117
M0505	Information Services – CDPD Mobile Wireless Replacement	(155.8)	213.0	-	-	-	-	213.0	117
M0705	Information Services – Enterprise Back-up Software	-	396.9	-	-	-	-	396.9	117
M0204	Information Services – GIS Mapping Platform Migration	(159.1)	564.0	-	-	-	-	564.0	118
*M9909	Information Services – Network Infrastructure	(1,504.7)	1,027.9	-	-	-	-	1,027.9	118
*Y0707	Information Services – Network Infrastructure.	-	325.2	325.2	325.2	325.2	325.2	1,626.2	119
*M9921	Information Services – PC Equipment	(3,122.3)	2,423.4	-	-	-	-	2,423.4	119
*Y0710	Information Services – PC Equipment.	-	1,319.5	1,319.5	1,319.5	1,319.5	1,319.5	6,597.4	120
M0205	Information Services – Security Investment	(160.1)	364.6	146.6	-	-	-	511.2	120
*M9910	Information Services – Server Infrastructure	(1,807.6)	1,586.3	-	-	-	-	1,586.3	121
*Y0708	Information Services – Server Infrastructure.	-	860.8	860.8	860.8	860.8	860.8	4,304.0	121
*M9920	Information Services – Telephone Equipment	(1,142.9)	596.5	-	-	-	-	596.5	122
*Y0709	Information Services – Telephone Equipment.	-	278.4	278.4	278.4	278.4	278.4	1,392.0	122
M0506	Information Services – Web Content Management SW	-	298.4	-	-	-	-	298.4	123
M0709	Information Systems - Enterprise Terminal Services Solution	-	55.0	-	-	-	-	55.0	123
TEMP499	Information Systems - Information Lifecycle Management	-	-	-	-	210.0	-	210.0	123
TEMP500	Information Systems - Server Operation Management	-	-	-	195.0	-	-	195.0	124
W0502	Inner Circle Booster Pump Station	(2,681.7)	3,400.0	-	-	-	-	3,400.0	184
TEMP472	Interior Preserve Trail	-	-	-	-	-	200.0	200.0	73
*T6101	Intersection Mobility Enhancements	(12,371.1)	14,192.2	-	-	-	-	14,192.2	158
*Y0719	Intersection Mobility Enhancements.	-	1,500.0	1,500.0	1,500.0	2,000.0	2,500.0	9,000.0	158
P0503	Irrigation Pump Replacement	(134.5)	697.3	-	-	-	-	697.3	64
T0706	LED Illuminated Sign Update	-	480.0	480.0	480.0	480.0	-	1,920.0	159
P0202	Library Automation System Replacement	(550.5)	589.9	-	-	-	-	589.9	45

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Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
B0303	Lift Replacement	(187.2)	361.5	-	-	-	-	361.5	105
D0211	Loloma District Museum	(430.8)	7,500.0	-	-	-	-	7,500.0	52
D0502	Loloma District Plaza	(500.0)	500.0	-	-	-	-	500.0	52
D0403	Loloma District Streetscape Improvements	(1,650.0)	2,400.0	-	-	-	-	2,400.0	52
B0706	Loloma District-Stagebrush Theater Relocation	-	1,600.0	-	-	-	-	1,600.0	53
F0701	Loop 101 Detention Basin	-	4,097.0	-	-	-	-	4,097.0	80
F0602	Loop 101 Outlet Storm Drain	-	3,445.0	-	-	-	-	3,445.0	80
T9902	Loop 101 Park and Ride Lot	-	3,027.7	2,817.0	-	-	-	5,844.7	166
P0403	Lost Dog Wash Access Area	(2,635.9)	2,835.9	-	-	-	-	2,835.9	74
NEW06	Major North Community Access Area	-	-	250.0	2,088.0	-	-	2,338.0	74
V8620	Master Plan – Sewer	(383.4)	1,883.4	250.0	-	-	250.0	2,383.4	174
W8525	Master Plan – Water	(766.8)	1,666.8	400.0	-	-	500.0	2,566.8	185
S0702	McDonald Drive - Scottsdale to 78th St	-	1,700.0	-	-	-	-	1,700.0	150
S0310	McDonald Drive – Scottsdale to Hayden	(1,945.6)	1,963.5	-	-	-	-	1,963.5	151
F0403	McDonald Drive Corridor Drainage Improvement	(875.3)	1,482.0	-	-	-	-	1,482.0	80
P0603	McDowell Mountain Ranch Maintenance Compound Expansion	-	120.0	-	-	-	-	120.0	64
P0209	McDowell Mountain Ranch Park and Aquatic Center	(14,054.5)	14,291.9	-	-	-	-	14,291.9	64
T0605	McDowell Road Bicycle and Pedestrian Improvements	(125.0)	2,532.0	-	472.4	1,000.0	-	4,004.4	166
B9905	McKellips Service Center	(1,212.6)	1,311.4	-	-	-	-	1,311.4	105
P0604	Mescal Park	(9.8)	150.0	-	-	-	-	150.0	65
V2101	Miller Road Sewer – Phase 3	(152.3)	5,300.0	-	-	-	-	5,300.0	174
A0707	MITL/HITL Runway Guard Lights Upgrade	-	150.4	-	-	-	-	150.4	141
P0501	Mustang Library Improvements	(1.4)	676.4	319.2	-	-	-	995.6	45
T0502	Mustang Transit Passenger Facility	-	4,250.0	-	-	-	-	4,250.0	166
D0404	NE Downtown Streetscape	(1.9)	1,980.0	-	-	-	-	1,980.0	53
N3001	Neighborhood Enhancement Partnership (NEP) Program	(813.3)	827.1	-	-	-	-	827.1	53
N0501	Neighborhood Revitalization	(1,398.1)	2,000.0	-	-	-	-	2,000.0	54
* F6302	Neighborhood Stormwater Management Improvements	(2,425.2)	1,150.0	-	-	-	-	1,150.0	81
* Y0705	Neighborhood Stormwater Management Improvements.	-	500.0	500.0	500.0	500.0	500.0	2,500.0	81
* T8140	Neighborhood Traffic Management Program	(2,951.1)	3,656.0	-	-	-	-	3,656.0	159
* Y0721	Neighborhood Traffic Management Program.	-	500.0	500.0	500.0	550.0	600.0	2,650.0	159
M0707	Network Infrastructure Extension	-	300.0	300.0	262.5	-	-	862.5	124
F6305	North Area Basin Master Plan	(778.5)	1,083.3	-	-	-	-	1,083.3	81
D0705	North Bank and Goldwater Underpass	-	2,400.0	-	-	-	-	2,400.0	54
F0304	North Scottsdale Road Corridor – Drainage Project	(1,359.4)	6,743.9	-	-	-	-	6,743.9	82
F2711	Northern Stormwater Water Risk/Vulnerability Management	(11,866.5)	12,059.9	-	-	-	-	12,059.9	82
F0712	NPDES Water Quality Sampling, Reporting, and Permitting	(1,364.1)	1,082.9	-	-	-	-	1,082.9	83
F0305	Outfall Drain – Pima Freeway to Union Hills	(2,899.1)	2,900.0	-	-	-	-	2,900.0	83
A0709	Pavement Reconstruction – Aprons	-	2,347.4	2,224.0	2,242.7	-	-	6,814.1	141

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Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
A0601	Perimeter Road Construction	-	119.6	-	-	-	-	119.6	142
S0602	Pima Road – Deer Valley to Pinnacle Peak	(308.9)	5,060.0	5,140.0	-	-	-	10,200.0	151
S4702	Pima Road – McDowell to Via Linda	(13,278.7)	13,350.0	-	-	-	-	13,350.0	151
S2104	Pima Road – Pima Freeway to Deer Valley	(2,627.4)	15,837.7	-	-	-	-	15,837.7	152
F0503	Pima Road Drainage System	(12.2)	2,183.4	-	-	-	-	2,183.4	84
S0204	Pinnacle Peak – Miller to Pima Rd	(3.6)	2,226.2	7,527.9	-	-	-	9,754.1	152
M0507	Planning & Development Services – Digital Plan Review	(38.4)	56.1	-	-	-	-	56.1	124
M0208	Planning & Development Services – Land Survey Asset Management	(296.0)	296.2	-	-	-	-	296.2	125
M9903	Planning & Development Services – Records Imaging	(551.3)	606.1	-	-	-	-	606.1	125
*P4711	Playground Equipment Replacement	(1,362.3)	416.7	-	-	-	-	416.7	65
*Y0715	Playground Equipment Replacement.	-	150.0	165.0	175.0	150.0	150.0	790.0	65
M0509	Police – AFIS Workstations Replacement	(107.7)	308.0	-	-	-	-	308.0	125
M0511	Police – Docking Stations/Mounting Kits	(230.2)	221.0	6.5	-	-	-	227.5	126
M0512	Police – Fashion Square Radio Treatment	-	225.0	-	-	-	-	225.0	126
M0513	Police – Hand Held Data Terminals	-	32.4	-	-	-	-	32.4	126
M0303	Police – Mobile Data and Communications Upgrade	(68.8)	190.0	-	-	-	-	190.0	126
M8915	Police – Portable Radio Replacement Program	(2,952.3)	4,197.1	-	-	-	-	4,197.1	127
M0401	Police – Records Management and CAD System Replacement	(2,923.1)	4,725.0	-	-	-	-	4,725.0	127
M0305	Police – Wiretap Upgrade	(105.5)	150.0	-	-	-	-	150.0	127
M0602	Police Automated Vehicle Location System	(33.1)	154.4	-	-	-	-	154.4	93
M0603	Police Beat Office Technology Upgrade	(14.7)	48.7	-	-	-	-	48.7	94
TEMP466	Police Computers for Bike Unit and Detectives	-	-	185.0	-	-	-	185.0	128
M0710	Police Crime Scene 3-D Surveying System	-	144.2	-	-	-	-	144.2	94
M0604	Police Document Imaging	(12.1)	43.2	-	-	-	-	43.2	94
M0711	Police Major Software Upgrade	-	157.5	-	-	-	-	157.5	128
B0302	Police Operational Support Building	(2,488.7)	31,855.8	-	-	-	-	31,855.8	95
*M0514	Police Portable and Vehicle Radio Replacement	-	673.5	-	-	-	-	673.5	95
*Y0706	Police Portable and Vehicle Radio Replacement.	-	552.8	552.8	552.8	552.8	552.8	2,764.0	95
B0512	Police/Fire Admin Building Acq.	(8,435.1)	8,564.0	-	-	-	-	8,564.0	90
B0204	Police/Fire Training Facility Phase 2	(242.0)	4,220.8	-	-	-	-	4,220.8	96
A0507	Portable Noise Monitors	(4.5)	50.0	-	-	-	-	50.0	142
F0605	Powerline Interceptor Channel	-	1,190.0	1,038.0	-	-	-	2,228.0	84
M0609	Private Wireless Infrastructure Study	-	75.0	-	-	-	-	75.0	128
M0608	Public Access Computer Security & Manageability Enhancements	(19.8)	88.1	-	-	-	-	88.1	129
*P0212	Public Pool Equipment Replacement	(488.3)	481.5	-	-	-	-	481.5	66
*Y0712	Public Pool Equipment Replacement.	-	200.0	200.0	200.0	200.0	200.0	1,000.0	66
M0615	Public Safety Radio System - Phase I	(13.8)	1,500.0	14,675.1	-	-	-	16,175.1	129
V4001	Radio Telemetry Monitoring Automation Citywide (Sewer)	(395.9)	705.5	50.0	50.0	50.0	-	855.5	175

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Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
W4001	Radio Telemetry Monitoring Automation Citywide (Water)	(800.0)	1,189.4	125.0	125.0	125.0	-	1,564.4	185
S0603	Raintree Interchange	-	2,000.0	-	-	-	-	2,000.0	152
F0604	Reach 11 Drainage Improvements	(80.4)	456.0	-	-	-	-	456.0	84
W0503	Regional GAC Regeneration Facility	-	4,650.0	-	-	-	-	4,650.0	185
T0201	Regional Transit Maintenance Facility	-	2,500.0	-	-	-	-	2,500.0	167
*V9908	Relief Sewers – Citywide	(2,169.1)	1,121.6	-	-	-	-	1,121.6	175
*Y0725	Relief Sewers – Citywide.	-	500.0	500.0	500.0	500.0	-	2,000.0	175
D0603	Replace Downtown Crosswalks	-	89.1	-	-	-	-	89.1	54
D0707	Rose Garden Development	-	500.0	-	-	-	-	500.0	55
A0405	Runway RSA – Safety Area Improvements	(1,781.0)	2,000.0	-	-	-	-	2,000.0	142
V0502	RWDS Improvements	-	1,350.0	-	-	-	-	1,350.0	176
W0601	RWDS Water Quality Improvements	-	25,800.0	-	-	16,900.0	-	42,700.0	186
D0604	Scottsdale Center for the Performing Arts Renovation	(730.8)	8,340.1	-	-	-	-	8,340.1	55
P8736	Scottsdale Papago Streetscape	(4,240.0)	6,229.0	-	-	-	-	6,229.0	55
P0605	Scottsdale Ranch Park Tennis Courts	-	384.8	-	-	-	-	384.8	66
S7005	Scottsdale Road – Frank Lloyd Wright to Thompson Peak Parkway	(7,162.0)	20,274.5	-	-	-	-	20,274.5	153
S2707	Scottsdale Road – Indian Bend to Gold Dust	(20,744.2)	20,892.2	-	-	-	-	20,892.2	153
T0504	Scottsdale Road - ITS Design	(398.7)	410.0	-	-	-	-	410.0	160
S0311	Scottsdale Road – Thompson Peak Parkway to Pinnacle Peak	(2.4)	500.0	-	950.0	6,871.0	-	8,321.0	153
T0704	Scottsdale Road Pedestrian & Bicycle Improvements, Phase I	-	203.8	2,458.4	-	-	-	2,662.2	167
T0705	Scottsdale Road Pedestrian & Bicycle Improvements, Phase II	-	47.3	736.0	688.7	-	-	1,472.0	167
D0205	Scottsdale Road Preservation Streetscape Enhancement	(1,070.9)	22,940.0	4,000.0	-	-	-	26,940.0	56
P0207	Scottsdale Senior Center at Granite Reef	(11,330.0)	11,758.6	-	-	-	-	11,758.6	67
*P0504	Scottsdale Stadium Infrastructure Improvements	(145.0)	150.0	-	-	-	-	150.0	67
*Y0713	Scottsdale Stadium Infrastructure Improvements.	-	-	50.0	50.0	15.2	250.0	365.2	67
*W0303	Security Enhancements	(851.3)	1,200.0	-	-	-	-	1,200.0	186
*Y0726	Security Enhancements.	-	350.0	350.0	350.0	350.0	350.0	1,750.0	186
A0602	Security Lighting Installation – Main Aprons/Kilo	-	345.0	-	-	-	-	345.0	142
P0301	Self Check Machine/LAN Infrastructure Replacement	(509.4)	520.9	-	-	-	-	520.9	46
F6301	Severe Weather Warning & Response Program	(1,254.3)	538.7	-	-	-	-	538.7	85
V3704	Sewer Collection System Improvements	(5,355.8)	10,810.8	650.0	600.0	700.0	2,500.0	15,260.8	176
V0703	Sewer Oversizing	(1,447.5)	1,985.7	-	-	-	-	1,985.7	176
V0704	Sewer Security Enhancements	-	550.0	150.0	550.0	150.0	550.0	1,950.0	177
S0313	Shea Boulevard and 92nd Street Intersection Improvement	(168.2)	1,112.0	-	-	-	-	1,112.0	154
S0314	Shea Boulevard and Hayden Intersection Improvement	(207.6)	1,700.0	-	-	-	-	1,700.0	154
S0315	Shea Boulevard: 90th & 96th Street Intersection Improvement	(541.8)	896.5	-	-	-	-	896.5	154
*T6103	Sidewalk Improvements	(1,431.7)	2,270.2	-	-	-	-	2,270.2	168
*Y0720	Sidewalk Improvements.	-	550.0	500.0	600.0	500.0	500.0	2,650.0	168

Projects marked with "" represent ongoing CIP projects. For a detailed explanation, please refer to the Overview or Appendix sections of Volume Three.

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
D0508	SkySong - ASU Scottsdale Center for Innovation	(960.9)	20,000.0	24,500.0	-	-	-	44,500.0	56
M0607	Software/Application Tracking System	-	68.5	-	-	-	-	68.5	129
P0708	South Ballfield Renovation	-	1,323.0	-	-	-	-	1,323.0	68
D0509	South Canal Bank Public Parking Garage	(5,200.1)	5,200.0	-	-	-	-	5,200.0	56
F0603	South Scottsdale Road Drainage Corridor	(216.2)	2,967.2	-	-	-	-	2,967.2	85
P9904	Sports Lighting Expansion & Upgrade	(1,639.9)	2,647.1	952.0	820.0	715.0	-	5,134.1	68
P0402	Spring Training Facility	(16,953.5)	25,500.0	-	-	-	-	25,500.0	68
V0706	SROG - CMOM Program	-	3,591.3	6,343.4	6,407.0	7,137.2	600.0	24,078.9	177
V0402	SROG SRO Sewer Line	(8,189.0)	11,517.0	2,750.0	170.5	1,397.0	-	15,834.5	177
*V6402	SROG WWTP	(43,553.6)	4,660.0	-	-	-	-	4,660.0	178
*Y0724	SROG WWTP.	-	1,503.4	4,210.5	4,608.0	3,817.6	10,000.0	24,139.5	178
V9901	SROG WWTP-UP01/UP05 Expansion	(38,252.8)	51,312.7	3,826.1	4,955.8	2,303.4	900.0	63,298.0	178
S0404	Stacked 40 - Center Road to Hayden	(592.3)	8,800.0	-	-	-	-	8,800.0	155
S0405	Stacked 40 - North Frontage Road	(900.7)	7,565.0	-	-	-	-	7,565.0	155
D0704	Stetson Streetscape	-	200.0	-	-	-	-	200.0	57
F0204	Stormwater Drain Pollution Prevention Markers	(163.5)	301.0	-	-	-	-	301.0	85
A0603	Taxiway Connectors Construction	-	296.7	-	-	-	-	296.7	143
T0606	Thomas Road Bicycle Lanes and Enhanced Sidewalks	-	665.0	1,048.4	2,900.5	-	-	4,613.9	168
F0502	Thomas Road Drainage Improvements	(1.8)	814.7	-	-	-	-	814.7	86
S0604	Thompson Peak Bridge @ Reata Pass Wash	(14.6)	1,939.9	-	-	-	-	1,939.9	155
S0316	Thompson Peak Parkway - Bell to Union Hills	(1,132.4)	7,574.4	-	-	-	-	7,574.4	156
S0317	Thunderbird/Redfield - Scottsdale to Hayden	(871.4)	3,151.2	-	-	-	-	3,151.2	156
B0513	TPC Clubhouse Patio Reconstruction	(1,115.6)	1,300.0	-	-	-	-	1,300.0	57
P0710	TPC Clubhouse Patio Reconstruction - II	-	830.0	-	-	-	-	830.0	57
P0705	TPC Desert Golf Course & Clubhouse Renovation	-	10,000.0	-	-	-	-	10,000.0	105
F0601	TPC Drainage Improvements	(522.9)	1,280.0	-	-	-	-	1,280.0	86
P0607	TPC Saline Impact Remediation	-	2,000.0	1,000.0	500.0	-	-	3,500.0	58
P0709	TPC Stadium Course Path Access Improvements	-	645.0	-	-	-	-	645.0	105
P0703	TPC Stadium Site Access Improvements	-	774.0	-	-	-	-	774.0	106
*T8150	Traffic Management Program - Intelligent Transportation System (ITS)	(11,602.9)	17,802.6	-	-	-	-	17,802.6	160
*Y0722	Traffic Management Program- Intelligent Transportation System (ITS)	-	2,580.0	2,000.0	1,500.0	2,030.8	2,200.0	10,310.8	160
*T8160	Traffic Signal Program	(2,843.4)	1,111.3	-	-	-	-	1,111.3	161
*Y0723	Traffic Signal Program.	-	348.9	350.0	400.0	390.0	400.0	1,888.9	161
P9035	Trail Development/Acquisition	(836.4)	2,718.2	502.3	-	-	-	3,220.5	75
TP016	Transfer Station Expansion	-	-	-	3,600.0	-	-	3,600.0	106
B0703	Transfer Station Paving and Painting	-	371.0	-	-	-	-	371.0	106
T0607	Transit Bus Engine Replacement	-	432.0	-	-	-	-	432.0	169
S0503	Transportation Master Plan	(618.1)	750.0	-	-	-	-	750.0	156
P0707	Troon North Park	-	244.1	1,491.4	-	-	-	1,735.5	69
D0608	Undergrounding Electrical Powerline Program	-	500.0	-	-	-	-	500.0	107

Projects marked with "" represent ongoing CIP projects. For a detailed explanation, please refer to the Overview or Appendix sections of Volume Three.

Capital Improvement Plan

PROJECT LIST

Project #	Project Name	Estimated Expenditures Thru 06/30/06	FY2006/07 Adopted	FY2007/08 Forecast	FY2008/09 Forecast	FY2009/10 Forecast	FY2010/11 Forecast	Total	Page #
S0319	Union Hills Drive – Scottsdale Road to 74th Street	(3,406.6)	3,400.0	-	-	-	-	3,400.0	157
W0401	Union Hills to Hualapai Transmission Line – Pima Rd.	(91.4)	2,650.0	-	-	-	-	2,650.0	187
T0203	Upper Camelback Wash Multiuse Path – 92nd Street/Shea to Cactus	(232.6)	1,545.0	-	-	-	-	1,545.0	169
T0302	Upper Camelback Wash Multiuse Path – Cactus to Redfield	(1,186.6)	1,200.0	-	-	-	-	1,200.0	169
F0203	Upper Camelback Wash Watershed	(2,235.0)	6,442.2	-	-	-	-	6,442.2	86
P0606	Vista Del Camino - Yavapai Ballfields	-	2,700.0	-	-	-	-	2,700.0	69
P0307	Vista Del Camino Community Center Remodel/Expansion	(387.2)	4,374.8	-	-	-	-	4,374.8	69
A0708	Washrack/Pollution Control Device	-	138.0	-	-	-	-	138.0	143
TEMP526	Water Campus Chlorine Generation	-	-	10,000.0	-	-	-	10,000.0	179
W9912	Water Distribution System Improvements	(13,511.3)	21,282.2	1,250.0	2,000.0	1,250.0	2,000.0	27,782.2	187
W0710	Water Oversizing	(6,777.3)	8,204.5	-	-	-	-	8,204.5	187
W0205	Water Quality Improvements – Southern Neighborhoods	(2,945.6)	13,500.0	-	-	-	-	13,500.0	188
W0602	Water Quality Laboratory Instrumentation	-	580.0	-	-	-	-	580.0	188
W0709	Water Quality Regulatory Compliance Programs	-	1,500.0	-	-	-	-	1,500.0	188
V0205	Water Reclamation Plant – Phase 3	(19,705.1)	20,750.0	-	-	-	-	20,750.0	179
W6160	Water Rights Acquisition	(41,915.6)	66,245.0	-	-	-	-	66,245.0	189
W8570	Waterline Replacements	(16,492.2)	16,491.0	-	-	-	-	16,491.0	189
W4708	Well Sites	(14,662.1)	21,142.1	3,000.0	1,000.0	3,000.0	-	28,142.1	189
W0708	Well Sites Rehabilitation	-	500.0	500.0	1,500.0	500.0	500.0	3,500.0	190
TEMP536	WestWorld 7 Horse Barns and Covered Walkway	-	-	4,767.0	-	-	-	4,767.0	58
D0710	WestWorld Bleachers	-	110.0	-	-	-	-	110.0	58
TEMP453	WestWorld Brett's Barn upgrades	-	-	-	355.0	-	-	355.0	58
B0505	WestWorld Facilities & Parking	(90,715.6)	92,005.0	-	-	-	-	92,005.0	59
D0303	WestWorld Paving Projects	(513.6)	530.5	-	-	-	-	530.5	59
D0207	WestWorld Restroom Facility	(612.8)	669.5	-	-	-	-	669.5	59
D0709	WestWorld RV upgrades	-	435.0	-	-	-	-	435.0	59
D0510	WestWorld Site Improvements	(2,029.2)	4,067.0	-	-	-	-	4,067.0	60
D0506	WestWorld Stall, Barn & Arena Enhancements	(1,976.4)	2,196.8	-	-	-	-	2,196.8	60
D0708	WestWorld Tent Improvements	-	2,000.0	-	-	-	-	2,000.0	60
M0706	Wide Area Network Fiber	-	155.3	155.3	155.3	-	-	465.8	130
TEMP471	Work Order System Upgrade/Replacement	-	-	-	136.5	-	-	136.5	130
W9913	Zone 12-13 Water System Improvements	(6,847.8)	8,528.0	-	-	-	-	8,528.0	190
W0304	Zone 12-13 Water Transmission Lines	(4,386.5)	8,280.0	-	-	-	-	8,280.0	190
W0603	Zone 14-16 Water Improvements	(351.2)	10,000.0	-	-	-	-	10,000.0	191

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The operating impact of capital projects is analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational efficiency savings associated with projects are also taken into consideration (net operating costs) during the capital project evaluation and review process. As capital improvement projects are completed, the operating costs of these projects have been identified, prioritized and justified as part of the departmental program budget process. Departmental staff plan and budget for significant start-up costs, as well as operation and maintenance of new facilities.

The table below presents a four-year forecast of capital project operating impacts (costs). The operating impacts of projects expected to be completed prior to the start of, or during FY 2006/07 are calculated and included in the Program Operating Budget. These operating cost conservative estimates represent the staffing and maintenance necessary due to the completion and expected completion of capital projects. The capital projects operating impacts are incorporated into the Five-Year Financial Plan.

Estimated Operating Impacts

	Forecast FY2007/08	Forecast FY2008/09	Forecast FY2009/10	Forecast FY2010/11	Total	Volume 3 Page #
P0302 Aging Park Facility Renovations	84.0	84.0	84.0	84.0	336.0	61
A0508 Airport Maintenance Facility	6.0	6.0	6.0	6.0	24.0	135
A0302 Airport Terminal Area Renovations	6.5	6.5	6.5	6.5	26.0	138
NEWB5 Airport Terminal Parking Garage	-	-	25.0	25.0	50.0	138
W2105 Alameda/122nd Street Booster Pump Station	16.0	16.0	16.0	16.0	64.0	180
B0701 Appaloosa Library	-	1,032.3	1,032.3	1,032.3	3,096.9	44
P0201 Arabian Library Phase II	391.5	416.3	443.2	472.3	1,723.3	44
W2106 Arsenic Mitigation Treatment	1,500.0	1,500.0	1,500.0	1,500.0	6,000.0	181
P0704 Bikeways Program	1.0	1.0	1.0	1.0	4.0	162
W9903 Booster Station Upgrades	2.0	2.0	2.0	2.0	8.0	181
S0301 Camelback Road – 64th to 68th St	3.8	3.8	38.0	3.8	49.4	145
S0502 Camelback/Scottsdale and Marshall Way	8.6	8.6	8.6	8.6	34.4	145
W0504 CAP Plant Expansion	-	-	1,701.0	1,701.0	3,402.0	181
W0202 CAP Plant Regulatory Compliance	1,300.0	1,300.0	1,300.0	1,300.0	5,200.0	182
NEWB9 Case Management System Conversion Consulting	150.0	150.0	150.0	150.0	600.0	108
W9911 Chaparral Water Treatment Plant	200.0	200.0	200.0	200.0	800.0	183
W4702 Chaparral WTP Influent Waterline	1.0	1.0	1.0	1.0	4.0	183
W0302 Chaparral WTP Water Distribution System	2.0	2.0	2.0	2.0	8.0	183
B0507 Civic Center Office Building	10.0	10.0	10.0	10.0	40.0	101
B0605 Community Services Facilities Maintenance	54.8	54.8	54.8	54.8	219.2	101
V0501 Core North/South Sewer	10.0	15.0	15.0	15.0	55.0	173
W0501 Core North/South Water	10.0	15.0	15.0	15.0	55.0	184
B0704 Corporation Yard Fleet Maintenance Facility Expansion	7.0	52.0	52.0	52.0	163.0	102
TEMP572 DC Ranch Community Park	-	-	-	405.0	405.0	62
W8515 Deep Well Recharge/Recovery Facilities	2.0	2.0	2.0	2.0	8.0	184
B0705 Detention Facility Consolidation	-	47.0	47.0	47.0	141.0	92
B0504 District 1 Police Facilities	315.0	315.0	315.0	315.0	1,260.0	92
M0703 Document Imaging and Management	21.0	21.0	21.0	21.0	84.0	112
D0602 Downtown Restrooms	6.0	6.0	6.0	6.0	24.0	51
M0308 Financial Services – Meter Reading System	0.5	0.5	0.5	0.5	2.0	115
M0702 Financial Services – Remittance Process Transport System	22.1	22.1	22.1	22.1	88.4	115

Capital Improvement Plan

OPERATING IMPACTS

		Forecast FY2007/08	Forecast FY2008/09	Forecast FY2009/10	Forecast FY2010/11	Total	Volume 3 Page #
B0601	Fire Station #601 - Relocate existing station south quadrant	10.0	10.0	10.0	10.0	40.0	89
B0401	Fire Station #602 – Downtown Fire Station	82.0	82.0	82.0	82.0	328.0	89
M0614	Fleet Management Information System	15.0	15.0	15.0	15.0	60.0	116
S0304	Frank Lloyd Wright–Scottsdale Rd to Shea	1.4	1.4	1.4	1.4	5.6	146
B0511	Fuel/Fleet Maintenance Facility – McKellips Service Center	-	61.0	61.0	61.0	183.0	104
P0602	Grayhawk Community Park - Phase I	600.0	600.0	600.0	600.0	2,400.0	63
S2103	Hayden Road – Cactus to Redfield	4.0	4.0	4.0	4.0	16.0	148
S0202	Hayden Road – Pima Freeway to Thompson Peak Parkway	47.0	47.0	47.0	47.0	188.0	148
S0306	Hayden Road and Via de Ventura Intersection Improvement	0.2	0.2	0.2	0.2	0.8	149
S0201	Hayden/Miller Road – Deer Valley to Pinnacle Peak	1.0	1.0	1.0	1.0	4.0	149
S0402	Indian Bend Road – Scottsdale to Hayden	23.8	23.8	23.8	23.8	95.2	150
W0502	Inner Circle Booster Pump Station	2.0	2.0	2.0	2.0	8.0	184
T6101	Intersection Mobility Enhancements	0.4	0.4	0.4	0.4	1.6	158
D0502	Loloma District Plaza	-	10.0	10.0	10.0	30.0	52
S0702	McDonald Drive - Scottsdale to 78th St	-	-	-	0.9	0.9	150
S0310	McDonald Drive – Scottsdale to Hayden	0.9	0.9	0.9	0.9	3.6	151
B9905	McKellips Service Center	2.3	2.3	2.3	2.3	9.2	105
V2101	Miller Road Sewer – Phase 3	2.0	2.0	2.0	2.0	8.0	174
P0501	Mustang Library Improvements	10.1	10.1	10.1	10.1	40.4	45
T8140	Neighborhood Traffic Management Program	6.0	6.0	6.0	6.0	24.0	159
S0602	Pima Road – Deer Valley to Pinnacle Peak	-	39.0	39.0	39.0	117.0	151
S0204	Pinnacle Peak – Miller to Pima Rd	9.8	9.8	9.8	9.8	39.2	152
TEMP466	Police Computers for Bike Unit and Detectives	41.0	41.0	41.0	41.0	164.0	128
M0710	Police Crime Scene 3-D Surveying System	13.4	13.4	13.4	13.4	53.6	94
B0302	Police Operational Support Building	337.0	337.0	337.0	337.0	1,348.0	95
B0204	Police/Fire Training Facility Phase 2	99.0	99.0	99.0	99.0	396.0	96
A0507	Portable Noise Monitors	0.5	0.5	0.5	0.5	2.0	142
V4001	Radio Telemetry Monitoring Automation Citywide (Sewer)	4.0	4.0	4.0	4.0	16.0	175
W4001	Radio Telemetry Monitoring Automation Citywide (Water)	5.0	5.0	5.0	5.0	20.0	185
W0503	Regional GAC Regeneration Facility	750.0	950.0	950.0	950.0	3,600.0	185
V9908	Relief Sewers – Citywide	2.0	2.0	2.0	2.0	8.0	175
S7005	Scottsdale Road – Frank Lloyd Wright to Thompson Peak Parkway	10.0	10.0	10.0	10.0	40.0	153
S0311	Scottsdale Road – Thompson Peak Parkway to Pinnacle Peak	-	-	-	10.0	10.0	153
D0205	Scottsdale Road Preservation Streetscape Enhancement	-	50.0	75.0	100.0	225.0	56
W0303	Security Enhancements	2.0	2.0	2.0	2.0	8.0	186
A0602	Security Lighting Installation – Main Aprons/Kilo	1.0	1.0	1.0	1.0	4.0	142

Capital Improvement Plan

OPERATING IMPACTS

		Forecast FY2007/08	Forecast FY2008/09	Forecast FY2009/10	Forecast FY2010/11	Total	Volume 3 Page #
V0704	Sewer Security Enhancements	2.0	2.0	2.0	2.0	8.0	177
P9904	Sports Lighting Expansion & Upgrade	59.0	59.0	59.0	59.0	236.0	68
S0404	Stacked 40 – Center Road to Hayden	31.6	31.6	31.6	31.6	126.4	155
S0405	Stacked 40 – North Frontage Road	8.3	8.3	8.3	8.3	33.2	155
S0317	Thunderbird/Redfield – Scottsdale to Hayden	2.8	2.8	2.8	2.8	11.2	156
T8150	Traffic Management Program – Intelligent Transportation System (ITS)	895.0	966.0	1,006.0	1,006.0	3,873.0	160
T8160	Traffic Signal Program	69.0	71.8	77.9	77.9	296.6	161
P0707	Troon North Park	30.0	30.0	30.0	30.0	120.0	69
S0319	Union Hills Drive – Scottsdale Road to 74th Street	9.0	9.0	9.0	9.0	36.0	157
P0606	Vista Del Camino - Yavapai Ballfields	54.0	54.0	54.0	54.0	216.0	69
W0602	Water Quality Laboratory Instrumentation	25.0	25.0	25.0	25.0	100.0	188
W8570	Waterline Replacements	3.0	3.0	3.0	3.0	12.0	189
W4708	Well Sites	20.0	20.0	20.0	20.0	80.0	189
TEMP536	WestWorld 7 Horse Barns and Covered Walkway	-	75.0	75.0	75.0	225.0	58
D0207	WestWorld Restroom Facility	9.0	9.0	9.0	9.0	36.0	59
W0304	Zone 12-13 Water Transmission Lines	5.0	5.0	5.0	5.0	20.0	190
Total Forecasted Operating Impacts		7,436.3	9,104.2	10,962.4	11,398.2	38,901.1	

Notes: Operating impacts relating to projects scheduled for completion in FY 2006/07 have been included in the appropriate departmental program operating budget.

AUTHORIZED PERSONNEL POSITIONS - BY DEPARTMENT

Appendix

	Actual 2004/05	Adopted 2005/06	Estimated 2005/06	Adopted 2006/07
General Government				
Full-time	210.00	212.00	212.00	217.00
Part-time	4.95	4.95	4.95	5.20
Total FTE	214.95	216.95	216.95	222.20
Police				
Full-time	627.00	674.00	674.00	700.00
Part-time	3.10	2.10	2.10	2.60
Total FTE	630.10	676.10	676.10	702.60
Financial Services				
Full-time	139.00	144.00	146.00	148.00
Part-time	4.00	4.00	3.00	3.00
Total FTE	143.00	148.00	149.00	151.00
Transportation				
Full-time	36.00	40.00	40.00	45.00
Part-time	1.35	-	-	-
Total FTE	37.35	40.00	40.00	45.00
Community Services				
Full-time	322.00	355.00	357.00	372.00
Part-time	178.89	190.67	190.67	194.55
Grant	11.75	11.75	11.75	11.75
Total FTE	512.64	557.42	559.42	578.30
Information Systems				
Full-time	78.00	80.00	80.00	83.00
Part-time	0.81	0.81	0.81	0.81
Total FTE	78.81	80.81	80.81	83.81
Fire				
Full-time	258.00	260.00	259.00	259.00
Part-time	2.68	-	-	-
Total FTE	260.68	260.00	259.00	259.00
Water Resources				
Full-time	138.00	152.00	152.00	162.00
Part-time	1.00	0.50	0.50	-
Total FTE	139.00	152.50	152.50	162.00
Municipal Services				
Full-time	216.00	232.00	232.00	253.00
Part-time	3.00	3.00	3.00	2.75
Total FTE	219.00	235.00	235.00	255.75
Citizen & Neighborhood Resources				
Full-time	35.00	40.00	39.00	40.00
Part-time	-	-	-	-
Grant	1.00	1.00	-	-
Total FTE	36.00	41.00	39.00	40.00
Human Resources				
Full-time	33.00	33.00	34.00	35.00
Part-time	2.50	2.50	1.50	1.50
Total FTE	35.50	35.50	35.50	36.50
Economic Vitality				
Full-time	10.00	11.00	11.00	11.00
Part-time	-	-	-	-
Total FTE	10.00	11.00	11.00	11.00
Planning and Development Services				
Full-time	140.00	143.00	142.00	158.00
Part-time	-	1.00	2.00	3.00
Total FTE	140.00	144.00	144.00	161.00
Total Full-time Position FTE	2,242.00	2,376.00	2,378.00	2,483.00
Total Part-time Position FTE	202.28	209.53	208.53	213.41
Total Grant Funded Position FTE	12.75	12.75	11.75	11.75
Total Citywide Position FTE	2,457.03	2,598.28	2,598.28	2,708.16

NOTE:

The budget includes funding for various services rendered by temporary or seasonal staffing, which is not included in the calculation of the full time equivalent (FTE) count. These slots are short-term and/or transitional in nature such as those in the Police and Fire pipelines. The number of slots listed below represents the number of positions allocated to each service area. The Human Resources Department uses the number of slots allocated solely for administrative control purposes. Fiscal control for these slots is maintained through the budget. However, due to the limited nature of the services performed by these slots, they are not considered part of the City's overall FTE count.

Recreation Specialists - are for up to 165 seasonal slots throughout various times of the year. The funding for these slots is included in the Community Services Department budget.

Police Reserve Officers - provide resources to assist the Police Department with sporadic spikes in the workload or special projects. When needed, up to 10 retired officer slots are available to assist. Funding for these slots is included in the Police Department budget.

Police Pipeline Officers - are used for up to 31 cadet slots while they are in the police academy or after completing the academy and waiting for a sworn police position. The funding for these slots is included in the Police Department budget.

Fire Pipeline Firefighters - are used for up to 38 cadet slots while they are in the fire academy or after completing the academy and waiting for a sworn fire position. The funding for these slots is included in the Fire Department budget.

Fire Support - is used to compensate up to 40 non-fire department employee slots that serve on an "as needed" basis to support the firefighters. The funding for these slots is included in the Fire Department budget.

Temporary Workers - are slots used when the work circumstances necessitate a temporary assignment or reassignment of an employee. While the Human Resources Department manages these 20 slots, no funding is included in the budget for these slots. Funding would typically come from within a department's accepted budget.

AUTHORIZED PERSONNEL POSITIONS - BY FUND

Appendix

	Adopted 2006/07	General Fund	Transportation	Special Revenue	Enterprise	Internal Service	Total
General Government							
Full-time	217.00	214.00	-	3.00	-	-	217.00
Part-time	5.20	3.12	-	2.08	-	-	5.20
Total FTE	222.20	217.12	-	5.08	-	-	222.20
Police							
Full-time	700.00	699.00	-	1.00	-	-	700.00
Part-time	2.60	2.60	-	-	-	-	2.60
Total FTE	702.60	701.60	-	1.00	-	-	702.60
Financial Services							
Full-time	148.00	115.00	-	-	25.00	8.00	148.00
Part-time	3.00	3.00	-	-	-	-	3.00
Total FTE	151.00	118.00	-	-	25.00	8.00	151.00
Transportation							
Full-time	45.00	-	30.00	-	15.00	-	45.00
Part-time	-	-	-	-	-	-	-
Total FTE	45.00	-	30.00	-	15.00	-	45.00
Community Services							
Full-time	372.00	370.00	-	2.00	-	-	372.00
Part-time	194.55	187.19	-	7.36	-	-	194.55
Grant	11.75	-	-	11.75	-	-	11.75
Total FTE	578.30	557.19	-	21.11	-	-	578.30
Information Systems							
Full-time	83.00	83.00	-	-	-	-	83.00
Part-time	0.81	0.81	-	-	-	-	0.81
Total FTE	83.81	83.81	-	-	-	-	83.81
Fire							
Full-time	259.00	259.00	-	-	-	-	259.00
Part-time	-	-	-	-	-	-	-
Total FTE	259.00	259.00	-	-	-	-	259.00
Water Resources							
Full-time	162.00	-	-	-	162.00	-	162.00
Part-time	-	-	-	-	-	-	-
Total FTE	162.00	-	-	-	162.00	-	162.00
Municipal Services							
Full-time	253.00	55.00	59.00	2.00	83.00	54.00	253.00
Part-time	2.75	-	-	0.50	2.25	-	2.75
Total FTE	255.75	55.00	59.00	2.50	85.25	54.00	255.75
Citizen & Neighborhood Resources							
Full-time	40.00	40.00	-	-	-	-	40.00
Part-time	-	-	-	-	-	-	-
Total FTE	40.00	40.00	-	-	-	-	40.00
Human Resources							
Full-time	35.00	35.00	-	-	-	-	35.00
Part-time	1.50	1.50	-	-	-	-	1.50
Total FTE	36.50	36.50	-	-	-	-	36.50
Economic Vitality							
Full-time	11.00	11.00	-	-	-	-	11.00
Part-time	-	-	-	-	-	-	-
Total FTE	11.00	11.00	-	-	-	-	11.00
Planning and Development Services							
Full-time	158.00	158.00	-	-	-	-	158.00
Part-time	3.00	3.00	-	-	-	-	3.00
Total FTE	161.00	161.00	-	-	-	-	161.00
Total Full-time Position FTE	2,483.00	2,039.00	89.00	8.00	285.00	62.00	2,483.00
Total Part-time Position FTE	213.41	201.22	-	9.94	2.25	-	213.41
Total Grant Funded Position FTE	11.75	-	-	11.75	-	-	11.75
Total Citywide Position FTE	2,708.16	2,240.22	89.00	29.69	287.25	62.00	2,708.16

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 • See Note on
 • previous page
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Budget Liaisons and CIP Liaisons

Budget Liaisons and **CIP Liaisons** coordinate the budget within their respective departments. The Budget Liaison serves as the vital communication link between their City department and their Financial Services Department Senior Budget Analyst on matters related to their specific operating budget. Budget Liaisons are responsible for coordinating information, checking to see if forms are completed properly, making sure that all necessary documentation is submitted, monitoring the internal review process to meet timelines, and serving as troubleshooters for problems throughout the budget process. The **CIP Liaisons** (identified with an asterisk) essentially serve the same role; however, their focus is on coordination of capital projects and multiyear capital planning with the Financial Services Department staff. In many cases the same individual serves both roles.

General Government		
Office of the City Clerk	Linda Lorbeer	Transportation Department
City Manager's Office	Judy McIlroy	Aviation
City Attorney & Prosecution	Jan Callahan/Sue Mitrising*	Community Services Depart... ..
Communications & Public Affairs ..	Pat Dodds*/Maggie Wilson	Information Systems Department
City Court	Jack Miller*	Fire Department
City Auditor	Mike Worth	Water Resources Department
Legislative & Constituent/Gov Relations..	Elizabeth Weir	Municipal Services Department
Preservation Department....	Susan Quinet/ Bob Cafarella*	Citizen and Neigh. Resources Dept.
The Downtown Group	Renita Linyard	Human Resources Department
WestWorld	Jennifer Bowley*	Economic Vitality Department
Police Department	Holly Christian*/Melissa Miller	Planning & Dev. Services Dept.
Financial Services Department	Lee Guillroy*	

Capital Improvement Plan Coordination Teams

The **Capital Improvement Plan Coordination Teams** are comprised of staff from various City departments. The teams are responsible for reviewing all capital projects (construction and technology) for timing and cost considerations, compiling lifecycle costs, and preparing a preliminary capital improvement plan recommendation for review and revision by the General Managers, City Manager, Deputy/Assistant City Managers, Chief Financial Officer, Budget Director, CIP Coordinator, City Council Budget Subcommittee, City Council and various boards and commissions comprised of citizens.

CIP Construction Review Team

- Police Department
 Marc Eisen
- Fire Department
 Rich Upham
- Information Systems Department
 Rich Peterson
- Water Resources
 Ron Dolan
- Municipal Services Department
 Alex McLaren
 Jeremy Dye
- Planning and Development Services Department
 Tim Conner
- City Court
 Daniel Edwards

CIP Technology Review Team

- Police Department
 Mike Morrison
- Financial Services Department
 Jacob Beard
 Erica Stierle
- Information Systems Department
 Jennifer Jensen
 John Krusemark
 Eric Wood
 Cindy Sheldon
 Joe Stowell
 Shannon Tolle
- Planning and Development Services Department
 Jason Song

DEBT SERVICE EXPENSE

Appendix

	Forecast 2005/06	Forecast 2006/07	Forecast 2007/08	Forecast 2008/09	Forecast 2009/10	Forecast 2010/11	Final Payment Date
General Obligation Bonds							
Debt Service Fund:							
1993 G. O. Refunding	3,514,605	3,089,730	2,627,690	2,690,250			06/30/09
1993A G. O. Refunding	147,140						06/30/06
1997 Refunding Bonds	1,956,532	3,989,450	3,968,000	3,974,462	4,027,000	2,418,950	06/30/14
1989 Series I (1998)	1,208,320	1,190,470	1,190,480	177,800	177,800	177,800	06/30/18
1999A G.O. Bonds	1,279,325	1,261,075	1,260,475	1,257,000			06/30/09
2001 G.O. Refunding Bonds	2,496,519	481,319	478,606	1,330,806	367,650	3,007,650	06/30/12
2002 Various Purpose G.O. Bonds	2,627,750	2,603,500	2,580,250	2,562,750	550,500	1,638,000	06/30/11
2002 G.O. Refunding Bonds	5,598,662	5,596,912	5,607,162	5,764,112	8,772,725	10,359,475	06/30/16
2003 G.O. Refunding Bonds	607,044	2,140,919	2,146,294	2,159,431	5,933,731	1,965,556	06/30/13
2004 G.O. Var. Purpose	2,088,125	2,088,125	2,088,125	2,088,125	2,088,125	2,088,125	06/30/21
2005 G.O. Refunding Bonds	427,000	427,000	427,000	427,000	427,000	427,000	06/30/14
2005A G.O. Var. Purpose	3,277,313	8,118,250	8,530,750	8,410,750	8,540,750	8,660,750	06/30/24
Fiscal Agent Fees	10,500	10,500	10,500	10,500	10,500	10,500	
Total Existing Var. Purp. G.O. Bonds	25,238,835	30,997,250	30,915,332	30,852,986	30,895,781	30,753,806	
Future Bond-Series 2007 Var. Purpose (\$88.1M iss. 11/07)			4,266,667	6,858,500	4,744,882	4,867,330	06/30/27
Future Bond-Series 2009 Var. Purpose (\$69.1M iss. 11/09)					4,643,333	3,338,000	06/30/29
Fiscal Agent Fees			1,000	1,000	2,000	2,000	
Total Future Var. Purp. G.O. Bonds			4,267,667	6,859,500	9,390,215	8,207,330	
Total Debt Service Fund- Property Tax	25,238,835	30,997,250	35,182,999	37,712,486	40,285,996	38,961,136	
Water Utility Fund:							
1993 Refunding	5,473,000						06/30/06
1993A Refunding	1,382,065						06/30/06
Fiscal Agent Fees	2,000						
Total Water Utility Fund - Water Rates	6,857,065	0	0	0	0	0	
Preserve Sales Tax Fund							
1999 Preserve G.O. Bonds	2,138,125	2,114,375	2,058,125	2,021,250	0	0	06/30/09
2001 Preservation G.O. Bonds	1,283,775	1,262,538	1,244,000	1,248,000	0	0	06/30/09
2001 G.O. Refunding Bonds-Preservation Portion	1,488,913	1,488,913	1,488,913	1,488,913	1,488,913	1,488,913	06/30/22
2002 G.O. Bonds-Preservation Portion	277,613	277,613	277,613	277,613	277,613	277,613	06/30/24
2002 G.O. Refunding Bonds-Preservation Portion	360,693	360,693	360,693	360,693	360,693	360,693	06/30/19
2004 Preservation GO	4,756,300	5,188,300	2,878,300	2,878,300	5,978,300	7,323,300	06/30/25
2005 G.O. Refunding Bonds-Preservation Portion	2,838,128	2,838,128	2,838,128	2,838,128	2,838,128	2,838,128	06/30/24
2005B G.O. Bonds-Preservation Portion	519,600	1,665,744	1,663,619	1,681,619	1,672,619	1,662,619	06/30/24
Fiscal Agent Fees	5,000	5,000	5,000	5,000	5,000	5,000	
Total Existing Preserve Debt Service	13,668,147	15,201,304	12,814,391	12,799,516	12,621,266	13,956,266	
Future Bond-Series 2010 Preserve (\$210M iss. 11/10)						8,812,812	06/30/34
Fiscal Agent Fees						1,000	
Total Future Preserve G.O. Bonds	0	0	0	0	0	8,813,812	
Total Preserve Debt Service-Preserve Sales Tax	13,668,147	15,201,304	12,814,391	12,799,516	12,621,266	22,770,078	
Total General Obligation Bonds (G.O. Bonds)	45,764,047	46,198,554	47,997,390	50,512,002	52,907,262	61,731,214	
Certificates of Participation							
General Fund							
2005 Certificates of Participation - Fire & Police Building	916,790	916,790	916,790	916,790	916,790	916,790	06/30/15
Fiscal Agent Fees	1,000	1,000	1,000	1,000	1,000	1,000	
Total Certificates of Participation	917,790	917,790	917,790	917,790	917,790	917,790	

DEBT SERVICE EXPENSE

Appendix

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Final
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Payment Date
Revenue Bonds							
Transportation - Highway User Revenue Fund:							
1993 Refunding	3,141,294	3,154,450					06/30/07
Fiscal Agent Fees	1,000	1,000					
Total Transportation - Highway User Fund	3,142,294	3,155,450	0	0	0	0	
Water Utility Fund:							
1996 Refunding Bonds	620,271	624,092	626,063	626,130	246,240	235,940	06/30/14
2004 Water Sewer Refunding Bonds	102,049	102,273	102,739	300,877	300,850	298,734	06/30/16
Fiscal Agent Fees	1,000	1,000	1,000	1,000	1,000	1,000	
Total Water Utility Fund	723,320	727,364	729,802	928,007	548,090	535,673	
Sewer Utility Fund:							
1996 Refunding Bonds	528,379	531,634	533,313	533,370	209,760	200,986	06/30/14
1989 Series D (1997)	1,080,906	1,075,438	1,069,562	362,500	362,500	362,500	06/30/22
1989 Series E (1998)	3,052,575	3,008,275	2,969,775	1,236,375	1,236,375	1,236,375	06/30/23
2004 Water Sewer Refunding Bonds	1,127,452	1,129,927	1,135,086	3,324,148	3,323,850	3,300,466	06/30/16
Fiscal Agent Fees	2,000	2,000	2,000	2,000	2,000	2,000	
Total Sewer Utility Fund	5,791,312	5,747,274	5,709,735	5,458,393	5,134,485	5,102,327	
Total Revenue Bonds	9,656,925	9,630,088	6,439,537	6,386,400	5,682,575	5,638,000	
Municipal Prop. Corp. (MPC) Bonds							
Excise Debt Fund:							
1998 Various Purposes	190,800	184,000	187,200				06/30/08
2004A MPC ASU Foundation Bonds	1,930,838	1,930,838	1,930,838	1,930,838	2,850,838	2,850,938	06/30/34
2005 MPC Giants Practice Field MSA funded	87,775	84,040	159,032	97,372	204,028	112,370	06/30/21
2005 MPC Giants Practice Field TSA funded	175,575	168,104	318,112	194,772	408,116	224,774	06/30/21
2005D MPC Westworld Land Acquisition	1,304,807	2,436,813	2,454,813	2,447,500	2,436,250	2,425,000	06/30/35
Fiscal Agent Fees	35,000	35,000	35,000	35,000	35,000	35,000	
Total Existing Excise Debt Fund	3,724,795	4,838,795	5,084,995	4,705,482	5,934,232	5,648,082	
Future Bonds - Loloma Museum (\$3.75M Mar 2007) GF funded		144,867	286,823	297,166	303,117	307,664	06/30/26
Future Bonds - Loloma Museum (\$3.75M Mar 2007) Bed Tax funded		144,867	286,823	297,166	303,117	307,664	06/30/26
Future Bonds - TPC (\$10M) 7/1/06; GF funded		800,000	800,000	800,000	800,000	800,000	06/30/26
Fiscal Agent Fees		4,000	4,000	4,000	4,000	4,000	
Total Future Excise Debt Fund	0	1,093,734	1,377,646	1,398,332	1,410,234	1,419,328	
Total Excise Debt Fund	3,724,795	5,932,529	6,462,641	6,103,814	7,344,466	7,067,410	
Solid Waste Fund:							
1995 Transfer Station	1,485,000						06/30/06
Fiscal Agent Fees	4,000						
Total Solid Waste Fund	1,489,000	0	0	0	0	0	
Water Fund:							
2001 Scottswater	1,804,550	1,868,900	1,908,400				06/30/08
2004 Water & Sewer	4,713,647	4,667,813	4,619,230	4,571,563	4,535,630	4,496,030	06/30/24
2005E Water & Sewer	2,577,167	4,418,000	4,418,000	6,693,000	6,604,250	6,589,250	06/30/30
Fiscal Agent Fees	4,000	4,000	4,000	4,000	4,000	4,000	
Total Existing Water Fund	9,099,364	10,958,713	10,949,630	11,268,563	11,143,880	11,089,280	
Future Bonds - Water/Sewer (\$100 mil Nov 2007)	0	0	3,333,333	5,000,000	7,110,226	7,110,226	06/30/32
Total Water Fund	9,099,364	10,958,713	14,282,963	16,268,563	18,254,106	18,199,506	
Sewer Fund:							
2004 Water & Sewer	1,714,053	1,697,387	1,679,720	1,662,387	1,649,320	1,634,920	06/30/24
Total Sewer Fund	1,714,053	1,697,387	1,679,720	1,662,387	1,649,320	1,634,920	
Total MPC Bonds	16,027,212	18,588,629	22,425,324	24,034,764	27,247,892	26,901,836	

DEBT SERVICE EXPENSE

Appendix

	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Final
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Payment Date
Scottsdale Preserve Authority							
Series 1998	4,120,275	4,112,275	4,102,375	1,680,275	1,680,275	1,680,275	06/30/24
Series 2001 Refunding	1,520,246	1,525,921	1,518,296	1,515,296	1,515,976	1,515,320	06/30/22
Series 2004 Refunding	1,164,200	1,162,700	1,161,200	3,564,700	3,535,500	3,503,500	06/30/16
Fiscal Agent Fees	8,000	8,000	8,000	8,000	8,000	8,000	
Total Preserve Bonds	6,812,721	6,808,896	6,789,871	6,768,271	6,739,751	6,707,095	
Contracts Payable							
General Fund:							
U.S. Corps of Engineers - IBW	231,166	231,166	231,166	231,166	231,166	231,166	2032
Dial Corp	37,000	37,000	37,000				2008
US Patent Office				3,080			2009
Nordstrom Garage Lease	3,203,690	3,331,837	3,465,111	3,603,715	3,747,864	3,897,779	2028
Nordstrom Garage Sales Tax	68,879	71,634	74,500	77,480	80,579	83,802	2028
BOR Administration/Westworld	55,000	55,000	55,000	55,000	55,000	55,000	2033
BOR Administration/TPC	55,000	55,000	55,000	55,000	55,000	55,000	2035
Promenade	643,114	-	-	-	-	-	2006
Waterfront Retail Sales Tax Rebate	-	80,000	84,000	88,200	92,610	97,241	2012
Waterfront Construction Sales Tax Rebate	-	350,000	350,000	350,000	350,000	350,000	2011
Hotel Valley Ho	67,000	22,000	22,660	23,340	24,040	24,761	2019
Stacked 40's/Lund - Retail Sales Tax Rebate	-	545,000	572,250	600,863	630,906	662,451	2014
Stacked 40's/Lund - Construction Sales Tax Rebate	-	50,000	-	-	-	-	2014
Motor Mile Marketing	300,000	300,000	300,000	300,000	300,000	-	2010
Total General Fund	4,660,849	5,128,637	5,246,687	5,387,844	5,567,165	5,457,200	
Special Revenue Fund:							
McDowell Sonoran Preserve	951,765	952,290	955,780	952,480	951,855	954,175	2013
Total Special Revenue Fund	951,765	952,290	955,780	952,480	951,855	954,175	
Special Assessments Fund:							
Series 104	18,063	18,181	16,779	15,377	13,561	-	2010
Total Special Assessments Fund	18,063	18,181	16,779	15,377	13,561	-	
Total Contracts Payable	5,630,677	6,099,108	6,219,246	6,355,701	6,532,581	6,411,375	
Special Assessment Bonds							
Existing Districts	1,101,884	1,064,203	1,026,522	988,841	868,125	834,375	01/01/13
Fiscal Agent Fees	2,500	2,500	2,000	2,000	1,000	1,000	
Future Districts	-	-	-	-	-	-	
Total Special Assessment Bonds	1,104,384	1,066,703	1,028,522	990,841	869,125	835,375	
TOTAL DEBT SERVICE	85,913,757	89,309,768	91,817,680	95,965,769	100,896,976	109,142,685	

LONG-TERM DEBT OUTSTANDING

Appendix

Long-Term Debt Outstanding						
As of 6/30/06 through 6/30/10						
	Balance at 6/30/06	Balance at 6/30/07	Balance at 6/30/08	Balance at 6/30/09	Balance at 6/30/10	Final Payment Date
General Obligation Bonds						
1993 G.O. Refunding	\$ 7,590,000	\$ 4,910,000	\$ 2,550,000	\$ -	\$ -	06/30/09
1997 Refunding	18,780,000	15,800,000	12,685,000	9,400,000	5,890,000	06/30/14
1989 Series I (1998)	6,345,000	5,415,000	4,445,000	4,445,000	4,445,000	06/30/18
1999 A	3,450,000	2,350,000	1,200,000	-	-	06/30/09
1999	5,500,000	3,750,000	1,925,000	-	-	06/30/09
2001	3,455,000	2,350,000	1,200,000	-	-	06/30/09
2001 Refunding	36,620,000	36,550,000	36,480,000	35,555,000	35,555,000	06/30/22
2002	14,525,000	12,360,000	10,110,000	7,765,000	7,315,000	06/30/24
2002 Refunding	58,445,000	55,120,000	51,685,000	47,990,000	41,125,000	06/30/19
2003 Refunding	14,925,000	13,340,000	11,710,000	10,020,000	4,505,000	06/30/13
2004	110,100,000	107,900,000	107,900,000	107,900,000	104,800,000	06/30/25
2005 Refunding	74,630,000	74,630,000	74,630,000	74,630,000	74,630,000	06/30/24
2005A	125,000,000	122,500,000	119,500,000	116,500,000	113,250,000	06/30/24
2005B	20,000,000	19,225,000	18,425,000	17,575,000	16,700,000	06/30/24
Future Bonds	-	-	86,770,000	84,250,000	150,477,618	06/30/34
Total G.O. Bonds	499,365,000	476,200,000	541,215,000	516,030,000	558,692,618	
Revenue Bonds						
1993 HURF Refunding	2,990,000	-	-	-	-	06/30/07
1996 Refunding	4,750,000	3,850,000	2,900,000	1,900,000	1,550,000	06/30/14
1989 Util Series D (1997)	8,575,000	7,925,000	7,250,000	7,250,000	7,250,000	06/30/22
1989 Util Series E (1998)	30,645,000	29,095,000	27,475,000	27,475,000	27,475,000	06/30/23
2004 Refunding	18,435,000	18,060,000	17,670,000	14,885,000	11,975,000	06/30/16
Total Revenue Bonds	65,395,000	58,930,000	55,295,000	51,510,000	48,250,000	
MPC Bonds						
1998 Various Purpose	350,000	180,000	-	-	-	06/30/08
2001 Scottswater	3,545,000	1,835,000	-	-	-	06/30/08
2004	70,060,000	67,235,000	64,335,000	61,355,000	58,275,000	06/30/24
2004A	40,760,000	40,760,000	40,760,000	40,760,000	39,840,000	06/30/34
2005 Giants Practice Field	19,945,322	19,945,322	19,741,175	19,706,149	19,403,356	06/30/21
2005D Westworld Land Acquisition	46,500,000	46,300,000	46,075,000	45,850,000	45,625,000	06/30/35
2005E Water	88,360,000	88,360,000	88,360,000	86,085,000	83,785,000	06/30/30
Future Bonds	-	17,032,475	116,510,452	115,941,643	113,222,265	06/30/32
Total MPC Bonds	269,520,322	281,647,797	375,781,627	369,697,792	360,150,621	

LONG-TERM DEBT OUTSTANDING

Appendix

Long-Term Debt Outstanding						
As of 6/30/06 through 6/30/10						
	Balance at 6/30/06	Balance at 6/30/07	Balance at 6/30/08	Balance at 6/30/09	Balance at 6/30/10	Final Payment Date
Scotts Preserve Auth Bonds						
1998 Excise Tax	41,175,000	39,010,000	36,725,000	36,725,000	36,725,000	06/30/24
2001 Refunding	16,545,000	15,820,000	15,070,000	14,290,000	13,475,000	06/30/22
2004 Refunding	22,850,000	22,775,000	22,700,000	20,220,000	17,670,000	06/30/16
Total SPA Bonds	80,570,000	77,605,000	74,495,000	71,235,000	67,870,000	
Certificates of Participation						
Fire/Police Building	7,090,119	6,401,320	5,689,638	4,954,314	4,194,561	06/30/15
Total Certificates of Participation	7,090,119	6,401,320	5,689,638	4,954,314	4,194,561	
Contracts						
U.S. Corps of Engineers	3,106,932	3,034,716	2,958,806	2,879,012	2,795,135	06/30/32
Dial Corporation	155,518	118,518	81,518	-	-	06/30/08
U.S. Patent Office	3,080	3,080	3,080	-	-	01/29/09
Bureau of Reclamation/Westworld	1,485,000	1,430,000	1,375,000	1,320,000	1,265,000	07/29/33
Bureau of Reclamation/TPC	1,595,000	1,540,000	1,485,000	1,430,000	1,375,000	06/10/35
McDowell Sonoran Preserve	5,540,000	4,855,000	4,135,000	3,385,000	2,600,000	06/30/13
Underground Improvement District 104	55,623	41,603	27,582	13,561	-	06/30/10
Motor Mile Marketing	1,200,000	900,000	600,000	300,000	-	06/30/10
Total Contracts Payable	13,141,153	11,922,917	10,665,986	9,327,573	8,035,135	
Special Assessment Bonds						
Existing Districts	5,505,000	4,670,000	3,835,000	3,000,000	2,250,000	01/01/13
Total Spec Assmt Bonds	5,505,000	4,670,000	3,835,000	3,000,000	2,250,000	
Total All Existing Bonds and Contracts	940,586,594	900,344,559	863,696,799	825,563,036	785,743,052	
Total All Future Bonds and Contracts	-	17,032,475	203,280,452	200,191,643	263,699,883	
TOTAL LONG-TERM DEBT OUTSTANDING	\$ 940,586,594	\$ 917,377,034	\$ 1,066,977,251	\$ 1,025,754,679	\$ 1,049,442,935	
Sales Tax Agreements						
<p>The City also has the following sales tax agreements, in which the City's payments are contingent upon the sales tax generated on the sites. These agreements are not included in the Long-term Debt Outstanding in accordance with generally accepted accounting principles. However, they are shown on the debt service schedule for purposes of budget expenditure authority and cash flow planning.</p>						
	<u>Entity</u>	<u>Final Payment Date</u>				
	Nordstrom	06/30/22				
	Promenade	06/30/06				
	Waterfront	06/30/12				
	Hotel Valley Ho	06/30/19				
	Stacked 40's	06/30/14				

COMPUTATION OF LEGAL DEBT MARGINS	
June 30, 2006	
Net Secondary Assessed Valuation as of June 30, 2006	\$ 4,735,754,578
Debt Limit Equal to 20% of Assessed Valuation	947,150,916
General Obligation Bonded Debt Subject to 20% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2006):	
1997 Refunding	\$ 17,405,000
1989 Series I (1998)	4,445,000
1999 Preservation	5,500,000
2001 Preservation	3,455,000
2001 Refunding	36,620,000
2002	9,335,000
2002 Refunding	40,630,000
2003 Refunding	14,925,000
2004	93,100,000
2005 Refunding	74,630,000
2005A	52,500,000
2005B	20,000,000
	372,545,000
Net Outstanding Bonded Debt Subject to 20% Limit	372,545,000
Legal 20% Debt Margin (Available Borrowing Capacity)	\$ 574,605,916
Debt Limit Equal to 6% of Assessed Valuation	\$ 284,145,275
General Obligation Bonded Debt Subject to 6% Debt Limit (net of amounts available in Debt Service Funds for payment on July 1, 2006):	
1993 Refunding	\$ 7,590,000
1997 Refunding	1,375,000
1989 Series I (1998)	1,900,000
1999A	3,450,000
2002	5,190,000
2002 Refunding	17,815,000
2004	17,000,000
2005A	72,500,000
	126,820,000
Net Outstanding Bonded Debt Subject to 6% Limit	126,820,000
Legal 6% Debt Margin (Available Borrowing Capacity)	\$ 157,325,275

State Regulation
 The Arizona Constitution (Article 9, Section 8), provides that the general obligation bonded indebtedness for a city for general municipal purposes may not exceed 6% of the secondary assessed valuation of the taxable property in that city. In addition to the 6% limitation for general municipal purpose bonds, cities may issue general obligation bonds up to an additional 20% of the secondary assessed valuation for supplying such city with water, artificial light, or sewers, and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities.

City of Scottsdale Compliance with State Regulation

This schedule indicates the secondary assessed valuation of property tax within the City of Scottsdale allows a maximum legal bonding capacity of \$947,150,916 for projects subject to the 20% limitation and \$284,145,275 for projects subject to the 6% limitation.

Legal Debt Capacity Used

Based on the City's current outstanding general obligation debt, as of June 30, 2006, the City has used (borrowed) the following legal debt capacity by percentage limitation:

20% limitation \$372,545,000 or 39.33%
 6% limitation \$126,820,000 or 44.63%

Legal Capacity Available

Based on the City's current outstanding general obligation debt, as of June 30, 2006, the City has available (for borrowing) the following legal debt capacity by percentage limitation:

20% limitation \$574,605,916 or 60.67%
 6% limitation \$157,325,275 or 55.37%

**General Fund Five-Year Privilege Tax Forecast
By Business Category**

Revenue Category	FY 04/05 Actual	% of Total	FY 05/06 Forecast	% of Total	FY 06/07 Adopted	% of Total	FY 07/08 Forecast	% of Total
Automotive	15,150,000	16%	16,210,500	16%	17,021,025	15%	17,872,076	15%
Construction	18,887,800	20%	21,908,920	21%	23,442,544	21%	25,083,523	21%
Food	5,933,000	6%	6,348,310	6%	6,665,726	6%	6,999,012	6%
Hotel/Motel	4,412,000	5%	4,853,200	5%	5,192,924	5%	5,504,499	5%
Major Dept Stores	7,382,000	8%	8,120,200	8%	8,688,614	8%	9,209,931	8%
Misc. Retail	14,127,000	15%	15,539,700	15%	16,938,273	15%	18,123,952	16%
Other Taxable	5,828,000	6%	6,410,800	6%	6,859,556	6%	7,236,832	6%
Rental	10,483,000	11%	11,321,640	11%	11,887,722	11%	12,422,669	11%
Restaurants	6,589,000	7%	7,247,900	7%	7,755,253	7%	8,298,121	7%
Utilities	3,844,000	4%	4,036,200	4%	4,278,372	4%	4,513,682	4%
Other	1,496,000	2%	1,525,920	1%	1,556,438	1%	1,587,567	1%
Total	94,131,800	100%	103,523,290	100%	110,286,447	100%	116,851,864	100%

Revenue Category	FY 08/09 Forecast	% of Total	FY 09/10 Forecast	% of Total	FY 10/11 Forecast	% of Total
Automotive	18,676,320	15%	19,423,372	15%	20,200,307	15%
Construction	26,839,369	22%	28,583,928	22%	30,298,964	22%
Food	7,348,962	6%	7,716,410	6%	8,102,231	6%
Hotel/Motel	5,779,724	5%	6,068,711	5%	6,402,490	5%
Major Dept Stores	9,854,626	8%	10,593,723	8%	11,388,252	8%
Misc. Retail	19,392,629	16%	20,847,076	16%	22,410,607	16%
Other Taxable	7,671,041	6%	8,208,014	6%	8,782,575	6%
Rental	12,981,690	10%	13,630,774	10%	14,312,313	10%
Restaurants	8,878,989	7%	9,500,518	7%	10,165,555	7%
Utilities	4,761,935	4%	5,000,032	4%	5,250,033	4%
Other	1,619,319	1%	1,700,284	1%	1,785,299	1%
Total	123,804,604	100%	131,272,844	100%	139,098,625	100%

This same analysis by business category was applied when forecasting privilege tax revenues for the Public Safety Privilege Tax (.10%), and Special Revenue Funds: Transportation Privilege Tax (.20%), McDowell Preserve Privilege Tax (.20%) and Preservation Privilege Tax (.15%).

ADA	Americans with Disabilities Act	ITD	Inception To Date
ADEQ	Arizona Department of Environmental Quality	ITS	Intelligent Transportation System
ADOT	Arizona Department Of Transportation	IWDS	Irrigation Water Distribution System
ANTN	Aviation News and Training Network	JCEF	Judicial Collections Enhancement Fund
APS	Arizona Public Service	LEED	Leadership in Energy and Environmental Design
ARS	Arizona Revised Statutes	LTAf	Local Transportation Assistance Fund
ASU	Arizona State University	MAG	Maricopa Association of Governments
AZSTA	Arizona Sports and Tourism Authority	MCSD	Maricopa County Stadium District
CAD	Computer Aided Design; Computer Aided Dispatch (Police)	MPC	Municipal Property Corporation
CAFR	Comprehensive Annual Financial Report	MS	Microsoft
CAP	Central Arizona Project	NACSLB	National Advisory Council on State and Local Budgeting
CAPA	Communications And Public Affairs	NAS	Network Attached Storage
CCTV	Closed Circuit Television	NEP	Neighborhood Enhancement Partnership
CDBG	Community Development Block Grant	NFMA	National Federation of Municipal Analysts
CEF	Court Enhancement Fund	NLC	National League of Cities
CFD	Community Facility District	NPDES	National Pollution Discharge Elimination System
CFO	Chief Financial Officer	O&M	Operations and Maintenance
CGTF	Central Groundwater Treatment Facility	PC	Personal Computer
CIP	Capital Improvement Plan	PD	Police Department
CNR	Citizen and Neighborhood Resources	PKI	Public Key Infrastructure
COP	Certificates Of Participation	PO	Purchase Order
CPA	Certified Public Accountant	PT	Part Time
CPM	Capital Project Management	Rev	Revenue
DAS	Direct Attached Storage	RFP	Request For Proposal
DMZ network	Demilitarized Zone (isolated protected network)	RICO	Racketeering Influenced and Corrupt Organizations
EMT	Emergency Medical Technician	RWDS	Reclaimed Water Distribution System
EPA	Environmental Protection Agency	SAN	Storage Area Network
ESRI	Environmental Systems Research Institute	SCADA	Supervisory Control And Data Acquisition
FAA	Federal Aviation Administration	SPA	Scottsdale Preserve Authority
FCD	Flood Control District	SQL	Structured Query Language
FT	Full Time	SRP	Salt River Project
FTE	Full Time Equivalent	Svc	Service
FTG	Fill The Gap	SW	Software
GAAP	Generally Accepted Accounting Principles	SWAT	Special Weapons And Tactics
GAC	Granular Activated Carbon	TPC	Tournament Players Club
GASB	Governmental Accounting Standards Board	Trf	Transfer
GFOA	Government Finance Officers Association	WTP	Water Treatment Plant
GIS	Geographic Information System	WWTP	Wastewater Treatment Plant
GO	General Obligation		
GPS	Geographic Positioning System		
HR	Human Resources		
HUD	U.S. Department of Housing and Urban Development		
HURF	Highway User Revenue Fund		
HVAC	Heating, Ventilation, and Air Conditioning		
ICMA	International City/County Management Association		
ID	Improvement District		
IGA	Intergovernmental Agreement		
ILM	Information Lifecycle Management		
IS	Information Systems		
IT	Information Technology		

Actual – Actual, as used in the fund summaries and department and division summaries within the budget document, represents the actual costs results of operations. This category is presented on a GAAP basis, with the exception that depreciation and amortization are not budgeted and principal payments on debt in the enterprise funds are budgeted as expenses.

Adopted – Adopted, as used in the fund summaries and department and division summaries within the budget document, represents the budget as approved by the City Council.

Appropriation – An authorization made by the City Council, which permits the City to incur obligations and to expend resources.

Assessed Valuation – A government sets a valuation upon real estate or other property as a basis for levying taxes. An assessed valuation represents the appraised valuation less any exemptions.

Balanced Budget - Arizona State law requires a “balanced” budget, which is “all-inclusive”. Arizona State Revised Statute (42-17151) defines a “balanced” budget as follow:

“Fix, levy and assess the amount to be raised from primary property taxation and secondary property taxation. This amount, plus all other sources of revenue, as estimated, and unencumbered balances from the preceding fiscal year, shall equal the total of amounts proposed to be spent in the budget for the current fiscal year.”

Under Arizona State law “all-inclusive” means if an item is not budgeted (i.e. does not have an appropriation), it cannot legally be spent during the fiscal year. Therefore, the budget must include sufficient appropriation provisions for expenditures related to revenues (e.g., possible future grants) that cannot be accurately determined or even anticipated when the budget is adopted in June. This budgetary flexibility allows the City to comply with the Arizona State law and to pro-actively pursue emerging revenue sources as the budget year unfolds. The contingent expenditure appropriations associated with items such as possible future grants/revenues may not be spent without prior City Council approval during a public meeting.

Base Budget – Cost of continuing the existing levels of service in the current budget year.

Beginning Balance – The beginning balance is the residual non-restricted funds brought forward from the previous fiscal year (ending balance).

Bond 2000 – General Obligation Bonds that were authorized by voters in calendar year 2000 and are secured by the full faith and credit of the issuer. General Obligation Bonds issued by local units of government are secured by a pledge of the issuer’s property taxing power, and must be authorized by the electorate.

Bond Funds – Established to account for bond proceeds to be used only for approved bond projects.

Bonds – Bonds are debt instruments, which require repayment of a specified principal amount on a certain date (maturity date), together with interest at a stated rate or according to a formula for determining the interest rate.

Budget – A budget is a plan of financial operation embodying an estimate of proposed expenditures and the means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. In practice, the term budget is used in two ways. Sometimes it designates the financial plan presented for adoption and other times it designates the plan finally approved. It is usually necessary to specify whether the budget under consideration is preliminary and tentative, or whether the appropriating body has approved it.

Budget Calendar – The schedule of key dates, which a government follows in the preparation and adoption of the budget.

Budgetary Basis – Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP), with the exception that (1) encumbrances are considered to be an expenditure chargeable to appropriations; (2) no depreciation is budgeted for proprietary funds; and (3) bond principal in the enterprise funds is subject to appropriation.

Capital Expenditures – the City defines a capital expenditure as using the following three criteria: (1) relatively high monetary values (equal to or greater than \$25,000), (2) long asset life (equal to or greater than five years of useful life, and (3) results in the creation of a fixed asset, or the revitalization of a fixed asset.

Capital Improvement Funds – Established to account for financial resources to be used for the acquisition or construction of major capital facilities. The City maintains several Capital Project funds to ensure legal compliance and financial management for various restricted revenues.

Capital Improvement Plan (CIP) – A capital improvement plan is a comprehensive plan that projects the capital needs of the community. Generally, it is a cyclical process that projects the needs for a set number of years. Capital improvement plans are essential to sound infrastructure and financial planning. The annual capital budget is derived from the long-term CIP.

Capital Outlay – Includes the purchase of land, the purchase or construction of buildings, structures, and facilities of all types, plus machinery and equipment. It includes expenditures that result in the acquisition or addition of a fixed asset or increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset. For an item to qualify as a capital outlay expenditure it must meet all of the following requirements: (1) have an estimated useful life of more than one year; (2) typically have a unit cost of \$5,000 or more; and (3) be a betterment or improvement. Replacement of a capital item is classified as a capital outlay under the same code as the original purchase. Replacement or repair parts are classified under commodities.

Capital Project – Any project having assets of significant value and having a useful life of five years or more. Capital projects include the purchase of land, design, engineering and construction of buildings, and infrastructure items such as streets, bridges, drainage, street lighting, and water systems.

Commodities – Commodities are expendable items purchased through the City-approved centralized purchasing process. This classification includes supplies, repair and replacement parts, small tools, and maintenance and repair materials that are not of a capital nature.

Community Facilities Districts (CFD) – CFDs are special purpose public improvement districts. By utilizing a variety of public funding options such as bonds, special assessments, taxes and user fees, CFDs provide a mechanism to finance public infrastructure, the operation and maintenance of public infrastructure, and enhanced municipal services in qualifying areas.

Consumer Price Index (CPI) – A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation).

Contingency – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contracts Payable – Contracts payable represents a liability reflecting amounts due on contracts of goods or services furnished to the City.

Contractual Services – Includes expenditures for services performed by firms, individuals, or other City departments. Supplies are not included in the contractual services accounts.

Cost Center – An organizational budget/operating unit within each City division or department.

Court Enhancement Fund – A fund to accumulate fees imposed by the City Court on fines, sanctions, penalties

and assessments for the purpose of enhancing the technological, operational and security capabilities of the City Court.

Debt Service – Paid from the General Fund, is primarily contractual debt related to sales tax development agreements and will vary based on the actual sales tax collections at each developed site.

Debt Service Funds – Established to account for the accumulation of resources and for the payment of general long-term debt principal and interest that are not serviced by the General, Special Revenue, and Enterprise Funds. It does not include contractual obligations accounted for in the individual funds.

Department – The combination of divisions of the City headed by a general manager with a specific and unique set of goals and objectives (i.e., Police, Fire, Financial Services, Water Resources, etc.).

Division – A functional unit within a department consisting of one or more cost centers engaged in activities supporting the unit's mission and objectives.

Encumbrance – Includes obligations in the form of purchase orders, contracts, or other commitments. They cease to be encumbrances when paid, canceled, or when the actual liability is established.

Encumbrance Rebudgets – The balance of unliquidated purchase commitments brought forward from the previous fiscal year.

Ending Balance – The residual non-restricted funds that are spendable or available for appropriation at the end of the fiscal year.

Enterprise Capital Funds – are used to account for utility rates and development fees for specific projects.

Enterprise Funds – Established to account for operations, including debt service that are financed and operated similarly to private businesses - where the intent is the service is self-sufficient, with all costs supported predominantly by user charges. The City maintains three Enterprise Funds to account for Water & Sewer, Solid Waste, and Aviation activities.

Equipment Rental – Represents fees charged to other areas of the City for the maintenance, repair, and replacement of City vehicles. The fee for these charges is returned to the fleet management internal service fund as revenue.

Estimate – Represents the original adopted budget plus any prior year open purchase orders, contingency transfers, approved changes, and anticipated year-end savings.

Excise Debt – Represents debt that is repaid by excise taxes. In this case, the excise taxes used to fund the debt service payments are a portion of the transaction privilege (sales) tax and transient occupancy tax.

Expenditures – Represents decreases in net financial resources. They include current operating expenses, which require the current or future use of net current assets, debt services, and capital outlays.

Fees – Charges for specific services.

Financial Policy – A government's directive with respect to revenues, spending, reserves, and debt management as these relate to government services, programs and capital investment. Financial policy provides an agreed upon set of principles for the planning and programming of government budgets and its funding.

Fiscal Year – A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City of Scottsdale's fiscal year is July 1 through June 30.

Five-Year Financial Plan – An estimation of revenues and expenses required by the City to operate for the next five-year period.

Forecast – A prediction of a future outcome based on known and unknown factors.

Franchise Fee – Charged to the water and sewer utility fund, is a reimbursement to the general fund for the utility's use of City streets and right-of-ways.

Fringe Benefits – Contributions made by a government to meet commitments or obligations for employee-related expenses. Included is the government's share of costs for social security and the various pension, medical, and life insurance plans.

Full-Time Equivalent (FTE) – A calculation used to convert part-time hours to equivalent full-time positions. Full-time employee salaries are based on 2,080 hours per year. The full-time equivalent of a part-time employee is calculated by dividing the number of hours budgeted by 2,080.

Fund – A fiscal and accounting entity with a self-balancing set of accounts. Records cash and other financial resources together with all related liabilities and residual equities or balances and changes therein. These are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance – The balance of net financial resources that are spendable or available for appropriation.

Fund Summary – A combined statement of revenues, expenditures, and changes in fund balance for the prior year's actual, adopted, estimated budgets, and the current year's adopted budgets.

GAAP Adjustments – Differences arising from the use of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable when reporting on operations in conformity with Generally Accepted Accounting Principles (GAAP). For example, depreciation and amortization in Enterprise Funds are not considered expenses on the budget basis of accounting, but are considered expenses on the GAAP basis.

General Fund – Primary operating fund of the City. It exists to account for the resources devoted to finance the services traditionally associated with local government. Included in these services are police and fire protection, parks and recreation, planning and economic development, general administration of the City, and any other activity for which a special fund has not been created.

General Long-Term Debt – Represents any unmatured debt not considered to be a fund liability.

General Obligation Bonds (G.O. Bonds) – Bonds secured by the full faith and credit of the issuer. G.O. bonds issued by local units of government are secured by a pledge of the issuer's property taxing power (secondary portion). They are usually issued to pay for general capital improvements such as parks and roads.

Generally Accepted Accounting Principles (GAAP) – The uniform minimum standards and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define the accepted accounting practices at a particular time. They include both broad guidelines of general application and detailed practices and procedures. GAAP provides standards by which to measure financial presentations.

Goal – A statement of broad direction, purpose or intent based on the needs of the community. A goal is general and timeless.

Golf Course Surcharge – A \$1 per nine hole surcharge established in 1994 for all City owned golf courses. Revenue collected from this source is used for capital improvements, debt service on capital improvements, silt management, catastrophic flood funding, and support of the FBR Open golf tournament.

Grant – A contribution by one government unit or funding source to another. The contribution is usually made to aid in the support of a specified function (i.e., education or drug enforcement), but it is sometimes for general purposes.

Grant Capital Funds – are used to account for the proceeds of capital grants.

Highway User Fuel Tax – Gasoline tax shared with municipalities; a portion is distributed based upon the population of the City and a portion is distributed based upon the origin of the sales of the fuel. The Arizona State Constitution requires that this revenue be used solely for street and highway purposes.

Improvement Districts – Consists of property owners desiring improvements to their property. Bonds are issued to finance these improvements, which are repaid by assessments on affected property. Improvement District debt is paid for by a compulsory levy (special assessment) made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Indirect Cost Allocation – Funding transferred to the general fund from enterprise funds for specific central administrative functions, which benefit those funds (i.e., City Manager, Financial Services Department, Human Resources, Legal, etc.).

In-Lieu Property Tax – Charges to the enterprise funds, which compensates the general fund for the property tax that would have been paid if the utilities were for-profit companies.

Intergovernmental Revenues – Levied by one government but shared on a predetermined basis with another government or class of governments.

Internal Service Fund – Established to account for the financing, on a cost-reimbursement basis, of commodities or services provided by one program for the benefit of other programs within the City. The City maintains two Internal Service Funds to account for Fleet and Self-Insurance activities.

Mission – Defines the primary purpose of the City and is intended to guide all organizational decisions, policies, and activities (internal and external) on a daily basis.

Municipal Property Corporation (MPC) – A non-profit corporation established to issue bonds to fund City capital improvements projects.

Needs Assessment – The foundation for determining what City customers feel is needed. Market surveys, public hearings, and boards and commission surveys are conducted.

Objective – Something to be accomplished in specific, well-defined, and measurable terms and that is achievable within a specific time frame.

Operating Budget – The plan for current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending, and service delivery

activities of a government are controlled. The use of annual operating budgets is required by law in Arizona and is a requirement of Scottsdale's City Charter.

Operating Revenue – Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services.

Ordinance – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or a constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

Other Fiscal Activity – Refers to various trust and agency funds used to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, and other funds.

Outstanding Debt – The balance due at any given time resulting from the borrowing of money or from the purchase of goods and services.

Pay-As-You-Go Capital Improvement Projects (PAYG) – Capital projects whose funding source is derived from City revenue sources other than through the sale of voter-approved bonds.

Performance Measure – Data collected to determine how effective or efficient a program is in achieving its objectives.

Personal Computer (PC) Replacement Program – Established to centralize the responsibility for personal computer service and the maintenance of computer and printer inventories. Departments are assessed an annual fee based upon their inventory of PCs and printers in use. The charge is accumulated in the PC Replacement Fund and used to replace printers and desktop/laptop computers on a standard replacement schedule.

Personal Services – Include the salaries and wages paid to employees plus the City's contribution for fringe benefits such as retirement, social security, health, and workers' compensation insurance.

Preserve Bonds – Represent excise tax revenue bonds and G.O bonds. The bonds are special revenue obligations of the Scottsdale Preserve Authority payable solely from and secured by either a 0.2% sales tax approved by City voters in 1995 and issued for the purpose of acquiring land for the McDowell Sonoran Preserve or a 0.15% sales tax approved by City voters in 2004 and issued for the purpose of acquiring land and construction of essential preserve related necessities such as proposed trailheads for the McDowell Sonoran Preserve.

Primary Property Tax – Levied for the purpose of funding general government operations. Annual increases are limited to 2.0% of the previous year's maximum allowable primary property tax levy plus allowances for new construction and annexation of new property and tort litigation settlements.

Program – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the City is responsible. A program differs from a division from the standpoint that cost centers from different departments may make up a program while cost centers from the same department make up a division.

Program Budget – A budget, which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments.

Property Tax – Based according to value of property and is used as the source of monies to pay general obligation debt (secondary property tax) and to support the general fund (primary property tax).

Proposition 400 (Regional Sales Tax) represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction.

Racketeered Influenced and Corrupt Organizations (RICO) Funds – Funds obtained from an anti-racketeering revolving fund maintained by either the Federal or State government as a result of asset forfeitures from criminal enterprises and are allocated to municipalities for approved non-recurring public safety expenditures.

Rebudget – Carryover represents encumbered and committed funds carried forward to the next fiscal year budget.

Refunding – A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds. There are generally two major reasons for refunding: (1) to reduce the issuer's interest costs or (2) to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited into escrow to pay the debt service on the outstanding obligations when due, or they are used to immediately retire the outstanding obligations. The new obligations are referred to as the refunding bonds and the outstanding obligations being refinanced are referred to as the refunded bonds or the prior issue.

Regional Sales Tax (Proposition 400) represents revenues received from the 2004 voter approved 20-year extension of a half-cent transportation sales tax in Maricopa County that was first approved in 1985 to fund freeway construction.

Reserve – An account which records a portion of the fund balance which must be segregated for some future use and which is, therefore, not available for further appropriation or expenditure.

Revenue Bonds – Bonds payable from a specific source of revenue, which do not pledge the full faith, and credit of the issuer. Revenue bonds are payable from identified sources of revenue and do not affect the property tax rate. Pledged revenues may be derived from operation of the financed project, grants, excise, or other specified non-property tax.

Secondary Property Tax – Levied for the purpose of funding the principal, interest, and redemption charges on general obligation bonds of the City. The amount of this tax is determined by the annual debt service requirements on the City's general obligation bonds.

Self Insurance – The retention by an entity of a risk of loss arising out of the ownership of property or from some other cause instead of transferring that risk through the purchase of an insurance policy.

Service Levels – Describe the present services provided by a City department and/or division within the department.

Sinking Fund – An account into which a debt issuer makes periodic deposits to ensure the timely availability of sufficient monies for the payment of debt service requirements. The revenues to be deposited into the sinking fund and payments there from are determined by the terms of the bond contract.

Special Assessment – A compulsory levy made against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

Special Revenue Funds – Established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City maintains the following five Special Revenue Funds: Highway User Revenue, Preservation Privilege Tax, Transportation Privilege Tax, Special Programs, and Grants.

Stakeholder – refers to anyone affected by or who has a stake in government. This term stakeholder includes, but is not limited to: citizens, customers, elected officials, management, employees, and their representatives (whether unions or other agents), businesses, vendors, other governments, and the media.

Street Light Improvement Districts – Formed to provide a means for properties within a district to maintain streetlights within their boundaries. A street light tax is levied against the property owner to cover the cost of electrical billings received and paid by the City.

Tax Rate – The amount of tax levied for each \$100 of assessed valuation.

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges, such as water service.

Transfers – The authorized exchanges of cash or other resources between funds, divisions, departments and/or capital projects.

Transportation Privilege Tax Capital Fund – Established to account solely for transportation projects.

Trend Analysis – Examines changes over time, which provides useful management information such as the City's current financial situation and its future financial capacity to sustain service levels.

Trust Funds – Established to administer resources received and held by the City as the trustee or agent for others. Use of these funds facilitates the discharge of responsibility placed upon the City by virtue of law or other similar authority.

Unreserved Fund Balance – The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation.

Unrestricted General Capital Fund – Established to account for transfers-in from the General Fund and for any other activity for which a special capital fund has not been created.

User Fee – The fee charged for services to the party or parties who directly benefits.

ORDINANCE NO. 3681

AN ORDINANCE OF THE COUNCIL OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, FINALLY DETERMINING AND ADOPTING ESTIMATES OF PROPOSED EXPENDITURES BY THE CITY OF SCOTTSDALE FOR THE FISCAL YEAR BEGINNING JULY 1, 2006, AND ENDING JUNE 30, 2007, AND DECLARING THAT SUCH SHALL CONSTITUTE THE BUDGET FOR THE CITY OF SCOTTSDALE.

WHEREAS, in accordance with the provisions of Title 42, Chapter 17, Arizona Revised Statutes (A.R.S.) and the City Charter, the City Council did, on May 15, 2006, make a budget estimate of the different amounts required to meet the public expenses for the fiscal year beginning July 1, 2006, and ending June 30, 2007, an estimate of receipts from sources other than direct taxation, and the amount to be raised by taxation upon real and personal property within the City of Scottsdale, Arizona; and

WHEREAS, following publication of notice as required by law, the Council held a public hearing on June 6, 2006, at which any taxpayer could appear and be heard in favor of or against any proposed expenditure or tax levy; and

WHEREAS, immediately following the public hearing, the Council convened in a special meeting for purposes of finally determining and adopting the estimates of proposed expenditures, which estimates, when adopted, would constitute the budget of the City of Scottsdale for the fiscal year beginning July 1, 2006, and ending June 30, 2007; and

WHEREAS, it appears that publication has been duly made, as required by law, of said budget estimates, together with a notice that the Council will meet on June 20, 2006, in the City Hall Kiva for the purpose of making the primary and secondary tax levies as set forth in said estimates; and

WHEREAS, it appears that the sums to be raised by taxation, as specified therein, do not, in the aggregate, exceed that amount for primary property taxes as computed in A.R.S. § 42-17051.

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

SECTION 1. The estimates of revenue and expenditures attached hereto as Schedule A, as now reduced or changed, are hereby adopted as the budget of the City of Scottsdale, Arizona, for the fiscal year beginning July 1, 2006, and ending June 30, 2007 ("Fiscal Year 2006/07 Adopted Budget").

SECTION 2. Upon the recommendation of the City Manager, and with the approval of the City Council, expenditures may be made from the budget for contingencies and reserves. The transfer of any sums within any specific appropriation may be done upon the approval of the City Manager. The City Council may, upon request of the City Manager, transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another.

SECTION 3. Resources from any fund may be used for any to meet the adopted budget, except funds restricted by Federal or State law, or by City Ordinance or Resolution. The City Manager is responsible for managing fund resources to satisfy these requirements, which may be delegated to the City's Chief Financial Officer.

SECTION 4. The City Council approves the cash transfer and budget appropriation in an amount up to \$1,500,000 from the various operating department budgets to the Fleet Fund budget for the initial purchase of vehicles and equipment as approved and included in the Fiscal Year 2006/07 Adopted Budget.

SECTION 5. Pursuant to § 14-20 *et seq.* of the Scottsdale Revised Code, the attached classification/compensation plan is hereby adopted.

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Ordinance No. 3681
Page 2 of 2

SECTION 6. Schedules A through F of the Fiscal Year 2006/07 Adopted Budget, as described below, are attached hereto and incorporated herein by this reference:

Schedule A, Summary Schedule of Estimated Revenues and Expenditures Fiscal Year 2006/07

Schedule B, Summary of Tax Levy and Tax Rate Information Fiscal Year 2006/07

Schedule C, Summary of Revenues Other than Property Taxes Fiscal Year 2006/07

Schedule D, Summary By Fund of Other Financing Sources/(Users) and Interfund Transfers Fiscal Year 2006/07

Schedule E, Summary By Department of Expenditures Within Each Fund Fiscal Year 2006/07

Schedule F, Summary of Specific Budget Appropriations Fiscal Year 2006/07

PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 6th day of June, 2006.

ATTEST:

CITY OF SCOTTSDALE,
an Arizona municipal corporation

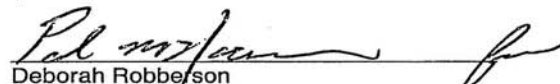


Carolyn Jagger
City Clerk



Mary Manross
Mayor

APPROVED AS TO FORM:



Deborah Robberson
City Attorney

SCHEDULE A

CITY OF SCOTTSDALE

**Summary Schedule of Estimated Revenues and Expenditures
Fiscal Year 2006/07**

FUND	ADOPTED BUDGETED EXPENDITURES 2005/06	ACTUAL EXPENDITURES 2005/06*	ESTIMATED FUND BALANCE July 1, 2006**	DIRECT PROPERTY TAX REVENUES 2006/07	ESTIMATED REVENUES OTHER THAN PROPERTY TAXES 2006/07***	OTHER FINANCING SOURCES/(USES) 2006/07	NET INTERFUND TRANSFERS IN/(OUT) 2006/07	TOTAL FINANCIAL RESOURCES AVAILABLE 2006/07	BUDGETED EXPENDITURES 2006/07
PRIMARY:									
General Fund	\$ 239,288,071	\$ 226,462,139	\$ 69,957,369	\$ 20,065,685	\$ 237,832,843	\$ -	\$ (37,808,116)	\$ 290,047,780	\$ 247,662,449
Special Revenue Funds	62,901,407	59,715,480	43,679,115		113,394,202	-	(32,777,648)	124,295,669	72,802,554
SECONDARY:									
Debt Service Funds	54,947,711	50,566,945	14,238,991	28,711,975	1,477,028	-	28,290,585	72,718,579	60,024,863
Capital Projects Funds	899,686,500	383,335,500	256,856,600		633,789,139	17,400,000	78,441,822	986,487,561	862,921,700
Enterprise Funds	93,805,315	89,893,203	44,424,872		140,668,878	-	(38,470,743)	146,623,007	98,044,040
Expendable Trust Funds	278,677	28,111	4,481		25,000	-	-	29,481	25,000
PRIMARY:									
Internal Service Funds	6,494,084	13,126,919	26,925,095	-	11,126,677	-	2,324,100	40,375,872	12,065,725
TOTAL ALL FUNDS	\$ 1,357,401,765	\$ 823,128,297	\$ 456,086,522	\$ 48,777,660	\$ 1,138,313,767	\$ 17,400,000	\$ -	\$ 1,660,577,949	\$ 1,353,546,331

EXPENDITURE LIMITATION COMPARISON

	2005/06 Estimated	2006/07 Forecasted
1. Budgeted expenditures	\$ 1,357,401,765	\$ 1,353,546,331
2. Add/subtract: estimated net reconciling items	-	-
3. Budgeted expenditures adjusted for reconciling items	1,357,401,765	1,353,546,331
4. Less: estimated exclusions	(1,067,655,249)	(1,010,633,237)
5. Amount subject to the expenditure limitation	\$ 289,746,516	\$ 342,913,094
6. EEC or voter-approved alternative expenditure limitation	\$ 276,392,697	\$ 289,876,227

* Includes expenditure adjustments approved in FY 2005/06 from Schedule E

** Includes actual amounts as of the date the proposed budget was prepared, adjusted for estimated activity for the remainder of the fiscal year.

*** Does not include transfers-in

SCHEDULE B

**CITY OF SCOTTSDALE
Summary of Tax Levy and Tax Rate Information
Fiscal Year 2006/07**

	<u>2005/06</u> <u>FISCAL YEAR</u>	<u>2006/07</u> <u>FISCAL YEAR</u>
1. Maximum allowable primary property tax levy A.R.S. §42-17051(A).	\$ 19,399,009	\$ 20,069,685
2. Amount received from primary property taxation in the 2005/06 fiscal year in excess of the sum of that year's maximum allowable primary property tax levy. A.R.S. §42-17102(A)(18).	<u>\$ -</u>	
3. Property tax levy amounts		
A. Primary property taxes	\$ 19,399,008	\$ 20,065,685
B. Secondary property taxes	<u>28,400,855</u>	<u>28,711,975</u>
C. Total property tax levy amounts	<u>\$ 47,799,863</u>	<u>\$ 48,777,660</u>
4. Property taxes collected*		
A. Primary property taxes		
(1) 2005-06 levy	18,914,033	
(2) Prior years' levies	<u>450,508</u>	
(3) Total primary property taxes	<u>\$ 19,364,541</u>	
B. Secondary property taxes		
(1) 2005-06 levy	27,690,834	
(2) Prior years' levies	<u>671,474</u>	
(3) Total secondary property taxes	<u>\$ 28,362,308</u>	
C. Total property taxes collected	<u>\$ 47,726,849</u>	
5. Property tax rates		
A. City tax rate		
(1) Primary property tax rate	\$ 0.4440	\$ 0.4192
(2) Secondary property tax rate	<u>0.5999</u>	<u>0.5512</u>
(3) Total city tax rate	<u>\$ 1.0439</u>	<u>\$ 0.9704</u>
B. Special assessment district tax rates		

Secondary property tax rates - As of the date the tentative budget was prepared, the city was operating 357 special assessment districts (streetlight improvement districts) for which secondary property taxes are levied. For information pertaining to these special assessment districts and their tax rates, please contact the City of Scottsdale Accounting Division.

* Includes actual property taxes collected as of the date the proposed budget was prepared plus estimated property tax collections for the remainder of the fiscal year.

SCHEDULE C

**CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2006/07**

SOURCE OF REVENUES	BUDGETED REVENUES 2005/06	ACTUAL REVENUES 2005/06*	ESTIMATED REVENUES 2006/07
GENERAL FUND			
Taxes - Local			
Privilege & Use Tax (1.0%)	\$ 96,677,130	\$ 103,523,290	\$ 110,286,447
Privilege & Use Tax - Public Safety (.10%)	9,667,713	10,352,329	11,028,645
Transient Occupancy Tax	8,176,500	8,900,000	1,869,000
Light & Power Franchise Fee	5,649,051	5,900,000	6,050,000
Cable TV Franchise Fee	2,754,000	2,900,000	3,282,815
Salt River Project In Lieu Fee	202,864	202,864	202,864
Stormwater Water Quality Charge	630,360	700,360	721,371
Taxes - From Other Agencies			
State Shared Sales Tax	19,025,797	21,000,000	20,630,000
State Revenue Sharing	20,512,126	21,212,126	20,848,490
Auto Lieu Tax	8,925,000	9,300,000	9,579,000
Licenses/Permits/Service Charges			
Business & Liquor Licenses	2,007,747	2,007,748	2,088,058
Building Permit Fees & Charges	15,500,000	19,000,000	17,000,000
Fire Service Charges	-	-	1,000,000
Recreation Fees	2,341,350	2,600,000	2,800,000
WestWorld Equestrian Facility Fees	1,824,209	2,200,000	2,275,000
Fines and Forfeitures			
Court Fines	5,096,000	5,200,000	5,304,000
Parking Fines	213,195	300,000	306,000
Photo Enforcement Fines	2,512,500	2,200,000	2,525,063
Photo Enforcement Fines - 101 Freeway	10,000,000	2,285,000	2,000,000
Library Fines & Fees	612,780	712,780	650,000
Interest Earnings/Property Rental			
Interest Earnings	1,850,000	2,600,000	2,300,000
Property Rental	3,018,400	3,220,000	3,100,000
Other Revenue/Resources			
Miscellaneous	1,020,000	1,300,000	300,000
Reserve Appropriation	23,900,025	9,148,199	11,686,090
Total General Fund	\$ 242,116,747	\$ 236,764,696	\$ 237,832,843

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE C

**CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2006/07**

SOURCE OF REVENUES	BUDGETED REVENUES 2005/06	ACTUAL REVENUES 2005/06*	ESTIMATED REVENUES 2006/07
SPECIAL REVENUE FUNDS			
Transportation/HURF Fund			
Highway User Tax	\$ 14,994,000	\$ 15,100,000	\$ 15,644,279
Privilege Tax (.20%)	18,321,600	20,704,658	22,057,289
Local Transportation Assistance Fund	1,146,323	1,146,323	1,073,258
Prop 400 Regional Sales Tax	-	-	282,160
Total Transportation/HURF Fund	\$ 34,461,923	\$ 36,950,981	\$ 39,056,986
Special Programs Fund			
Transient Occupancy Tax	\$ -	\$ -	\$ 7,476,000
Court Enhancement/JCEF/FTG	995,540	1,349,296	1,184,488
Downtown Cultural/Arts	680,000	680,000	85,000
Human Resources - Cultural Diversity Prog	9,519	10,000	10,000
Police	941,167	789,545	686,680
Community Services	4,213,720	1,432,739	1,467,917
Citizen and Neighborhood Resources	15,172	54,000	25,000
Planning & Development Systems	23,500	31,700	19,215
Fire	1,200	1,200	4,140
Reserve Appropriation	500,000	500,000	1,000,000
Total Special Programs Fund	\$ 7,379,818	\$ 4,848,480	\$ 11,958,440
Preservation Privilege Tax Funds			
Privilege Tax (.20%)	\$ 18,842,100	\$ 20,704,658	\$ 22,057,289
Privilege Tax (.15%)	14,501,570	15,528,494	16,542,967
Interest Earnings	651,669	775,000	798,000
Total Preservation Privilege Tax Funds	\$ 33,995,339	\$ 37,008,152	\$ 39,398,256
Grant Funds			
Community Development Block Grant	\$ 1,929,967	\$ 1,929,967	\$ 2,173,993
HOME Funds	900,000	900,000	405,522
Section 8 Housing	5,640,114	5,640,114	5,564,995
Federal and State Grants	14,971,335	14,971,335	12,236,010
Contingency	2,000,000	2,000,000	2,000,000
Total Grant Funds	\$ 25,441,416	\$ 25,441,416	\$ 22,380,520
Special Districts			
Street Light Districts	\$ 550,000	\$ 550,000	\$ 600,000
Total Special Districts	\$ 550,000	\$ 550,000	\$ 600,000
Total Special Revenue Funds	\$ 101,828,496	\$ 104,799,029	\$ 113,394,202

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE C

**CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2006/07**

SOURCE OF REVENUES	BUDGETED REVENUES 2005/06	ACTUAL REVENUES 2005/06*	ESTIMATED REVENUES 2006/07
DEBT SERVICE FUNDS			
Special Assessment Debt Fund			
Special Assessments - Principal	\$ 1,124,622	\$ 1,124,622	\$ 1,084,884
Total Special Assessment Debt Fund	\$ 1,124,622	\$ 1,124,622	\$ 1,084,884
MPC Excise Debt			
MCSD/AZ STA Contributions	\$ 450,000	\$ 263,350	\$ 252,144
Spring Exhibition Surcharge	140,000	280,155	140,000
Total MPC Excise Debt Fund	\$ 590,000.00	\$ 543,505	\$ 392,144
Total Debt Service Funds	\$ 1,714,622	\$ 1,668,127	\$ 1,477,028
CAPITAL PROJECT FUNDS			
Capital Improvement Program			
Development Fees	\$ 16,414,600	\$ 21,802,700	\$ 23,071,000
Prop 400 Regional Sales Tax	-	-	8,731,400
Interest Earnings	3,177,700	2,120,700	2,172,339
Grant Revenue	15,820,600	13,442,500	8,307,300
Contributions	17,057,000	5,818,400	24,343,000
Miscellaneous Revenue	267,000	1,280,300	1,015,000
Estimated Unexpended Prior Year Budget	580,080,900	580,080,900	551,149,100
Contingent Revenue	4,500,000	2,000,000	15,000,000
Total Capital Project Funds	\$ 637,317,800	\$ 626,545,500	\$ 633,789,139
ENTERPRISE FUNDS			
Water and Sewer Utility Funds			
Sewer Charges	\$ 28,300,594	\$ 27,210,546	\$ 30,374,867
Water Charges	70,297,178	70,389,557	74,680,605
Groundwater Treatment Plant	853,516	853,516	1,005,308
Golf Course Water Charges	308,725	317,942	353,847
Irrigation Water Distribution System	1,958,088	2,389,275	2,086,952
Effluent Sales:			
Pipeline	2,488,759	2,488,759	2,649,919
Treatment Plant	580,635	580,635	600,957
Interest Earnings	1,139,040	1,247,744	1,489,007
Miscellaneous	1,230,433	2,083,949	1,245,936
Reserves	3,650,000	3,575,000	3,650,000
Total Water and Sewer Funds	\$ 110,806,968	\$ 111,136,923	\$ 118,137,398
Aviation Fund			
Airport Fees	3,074,520	3,258,387	3,274,679
Interest Earnings	26,511	60,371	84,465
Jet Fuel Tax	-	92,373	113,660
Total Aviation Fund	\$ 3,101,031	\$ 3,411,131	\$ 3,472,804
Solid Waste Fund			
Refuse Collection	\$ 17,053,666	\$ 17,053,666	\$ 18,006,095
Interest Earnings	64,550	140,000	52,581
Reserves	1,000,000	997,821	1,000,000
Total Solid Waste Fund	\$ 18,118,216	\$ 18,191,487	\$ 19,058,676
Total Enterprise Funds	\$ 132,026,215	\$ 132,739,541	\$ 140,668,878

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE C

CITY OF SCOTTSDALE
Summary of Revenues Other than Property Taxes
Fiscal Year 2006/07

<u>SOURCE OF REVENUES</u>	<u>BUDGETED REVENUES 2005/06</u>	<u>ACTUAL REVENUES 2005/06*</u>	<u>ESTIMATED REVENUES 2006/07</u>
EXPENDABLE TRUST FUNDS			
Trusts			
Mayor's Committee for Emp of Handicapped	\$ 10,000	\$ 10,000	\$ 15,000
Contingency	250,000	250,000	10,000
Total Trust Funds	<u>\$ 260,000</u>	<u>\$ 260,000</u>	<u>\$ 25,000</u>
INTERNAL SERVICE FUNDS			
Fleet Management Fund			
Equipment M & O/Acquisition Rates	\$ 12,084,359	\$ 12,084,359	\$ 14,239,948
Miscellaneous Revenue	177,650	225,000	235,000
Interest Earnings	388,061	288,061	384,304
Internal Service Offset	(12,084,359)	(12,084,359)	(14,239,948)
Total Fleet Management Fund	<u>\$ 565,711</u>	<u>\$ 513,061</u>	<u>\$ 619,304</u>
Self Insurance Fund			
Risk Management	\$ 20,354,434	\$ 20,354,434	\$ 27,845,860
Interest	300,000	300,000	550,000
Short-Term Disability Revenue	140,000	140,000	140,000
Unemployment Taxes	65,000	65,000	68,250
Internal Service Offset	(19,362,302)	(19,362,302)	(22,096,737)
Risk Management Reserve	4,000,000	1,393,575	4,000,000
Total Self Insurance Fund	<u>\$ 5,497,132</u>	<u>\$ 2,890,707</u>	<u>\$ 10,507,373</u>
Total Internal Service Funds	<u>\$ 6,062,843</u>	<u>\$ 3,403,768</u>	<u>\$ 11,126,677</u>
TOTAL ALL FUNDS	<u>\$ 1,121,326,723</u>	<u>\$ 1,106,180,661</u>	<u>\$ 1,138,313,767</u>

* Includes actual revenues recognized on the modified accrual or accrual basis as of the date the budget was prepared, plus estimated revenues for the remainder of the year.

SCHEDULE D

CITY OF SCOTTSDALE
Summary by Fund of Other Financing Sources/(Uses) and Interfund Transfers
Fiscal Year 2006/07

FUND	OTHER FINANCING SOURCES/(USES) 2006/07	INTERFUND TRANSFERS 2006/07	
		IN	OUT
GENERAL FUND	\$ -	\$ 18,688,415	\$ 56,496,531
SPECIAL REVENUE FUNDS			
Transportation/HURF Fund	\$ -	\$ 3,151,864	\$ 11,097,445
Special Programs Fund	-	210,000	921,867
Preservation Privilege Tax Funds	-	-	24,120,200
Total Special Revenue Funds	\$ -	\$ 3,361,864	\$ 36,139,512
DEBT SERVICE FUNDS			
Debt Service Fund	\$ -	\$ 28,290,585	\$ -
Total Debt Service Funds	\$ -	\$ 28,290,585	\$ -
CAPITAL PROJECTS FUNDS			
Capital Projects Fund	\$ 17,400,000 *	\$ 85,265,363	\$ 6,823,541
Total Capital Projects Funds	\$ 17,400,000	\$ 85,265,363	\$ 6,823,541
ENTERPRISE FUNDS			
Water and Sewer Funds	\$ -	\$ 6,823,541	\$ 39,837,292
Aviation Fund	-	-	2,484,964
Solid Waste Fund	-	-	2,972,028
Total Enterprise Funds	\$ -	\$ 6,823,541	\$ 45,294,284
INTERNAL SERVICE FUNDS			
Fleet Management Fund	\$ -	\$ -	167,200
Self Insurance Fund	-	2,500,000	8,700
Total Internal Service Funds	\$ -	\$ 2,500,000	\$ 175,900
TOTAL ALL FUNDS	\$ 17,400,000	\$ 144,929,768	\$ 144,929,768

* Municipal Properties Corporation Bonds

SCHEDULE E

**CITY OF SCOTTSDALE
Summary by Department of Expenditures Within Each Fund
Fiscal Year 2006/07**

Fund/Department	Adopted Budgeted Expenditures 2005/06	Expenditure Adjustments Approved 2005/06	Actual Expenditures 2005/06*	Budgeted Expenditures 2006/07
GENERAL FUND				
General Government	\$ 24,065,727	\$ 805,698	\$ 24,336,605	\$ 26,509,544
Police	67,403,408	4,766,502	68,989,730	79,150,990
Financial Services	8,564,191	(18,000)	8,546,191	9,593,542
Community Services	47,653,351	(595,400)	47,057,849	53,959,898
Information Systems	9,241,654	(16,500)	9,225,155	9,792,542
Fire	26,648,655	110,000	26,758,655	30,351,504
Municipal Services	596,263		596,263	618,063
Citizen & Neighborhood Resources	3,490,790	(98,000)	3,392,794	3,477,329
Human Resources	3,766,345		3,766,345	4,464,761
Economic Vitality	8,060,403		8,060,403	1,461,219
Planning & Development Services	13,853,510		13,853,510	15,350,539
Estimated Department Savings	(3,500,000)		(4,500,000)	(4,800,000)
Debt Service	5,543,749		5,578,639	6,046,428
Reserve Appropriation	23,900,025	(6,298,200)	10,800,000	11,686,090
Total General Fund	\$ 239,288,071	\$ (1,343,900)	\$ 226,462,139	\$ 247,662,449
SPECIAL REVENUE FUNDS				
Transportation/HURF Fund				
Transportation	\$ 13,085,380		\$ 13,090,604	\$ 14,331,915
Municipal Services	12,366,365	(50,000)	12,325,828	13,624,041
Debt Service	3,142,294		3,142,294	3,155,450
Total Transportation/HURF Fund	\$ 28,594,039	\$ (50,000)	\$ 28,558,726	\$ 31,111,406
Special Programs Fund				
Transient Occupancy Tax	\$ -		\$ -	\$ 7,049,630
Court	2,094,668		333,442	3,612,336
Downtown Cultural/Arts	970,000		500,000	712,268
Preservation Rehabilitation	10,000		10,000	110,000
Human Resource	14,001		14,001	15,957
Police	941,167		521,779	877,442
Community Services	2,754,479		2,754,479	4,229,208
Citizen & Neighborhood Resources	15,172		15,172	97,207
Planning & Development Services	23,500		23,500	50,000
Fire	1,200		1,200	4,290
Reserve Appropriation	500,000		-	1,000,000
Total Special Programs Fund	\$ 7,324,187	\$ -	\$ 4,173,573	\$ 17,758,338
Preservation Privilege Tax Funds				
Debt Service	\$ 951,765		\$ 951,765	\$ 952,290
Total Preservation Privilege Tax Funds	\$ 951,765	\$ -	\$ 951,765	\$ 952,290
Grant Funds				
CDBG/HOME/Section 8 Housing	\$ 8,470,081		\$ 8,470,081	\$ 8,144,510
Other Federal & State Grants	14,971,335		14,971,335	12,236,010
Contingency	2,000,000		2,000,000	2,000,000
Total Grant Funds	\$ 25,441,416	\$ -	\$ 25,441,416	\$ 22,380,520
Special Districts				
Street Light Districts	\$ 550,000		\$ 550,000	\$ 600,000
Downtown Enhanced Municipal Svc District	40,000		40,000	-
Total Special Districts	\$ 590,000	\$ -	\$ 590,000	\$ 600,000
Total Special Revenue Funds	\$ 62,901,407	\$ (50,000)	\$ 59,715,480	\$ 72,802,554

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

SCHEDULE E

CITY OF SCOTTSDALE

**Summary by Department of Expenditures Within Each Fund
Fiscal Year 2006/07**

Fund/Department	Adopted Budgeted Expenditures 2005/06	Expenditure Adjustments Approved 2005/06	Actual Expenditures 2005/06*	Budgeted Expenditures 2006/07
DEBT SERVICE FUNDS				
GO Debt Service				
GO Bonds/Revenue Bonds	\$ 49,043,123		\$ 45,719,703	\$ 53,007,450
MPC Excise Debt				
MPC Bonds	\$ 4,779,966		\$ 3,724,795	\$ 5,932,529
Special Assessment Debt				
Special Assessment Bonds	\$ 1,124,622		\$ 1,122,447	\$ 1,084,884
Total Debt Service Funds	\$ 54,947,711	\$ -	\$ 50,566,945	\$ 60,024,863
CAPITAL PROJECT FUNDS				
Capital Improvement Program				
Capital Projects	\$ 895,186,500		\$ 380,835,500	\$ 847,921,700
Contingency	4,500,000		2,500,000	15,000,000
	\$ 899,686,500	\$ -	\$ 383,335,500	\$ 862,921,700
Total Capital Projects Fund	\$ 899,686,500	\$ -	\$ 383,335,500	\$ 862,921,700
ENTERPRISE FUNDS				
Water and Sewer Utility Fund				
Financial Services	\$ 2,377,368	\$ (14,500)	\$ 2,362,868	\$ 2,560,495
Water Resources	46,354,006	(117,000)	46,312,048	54,790,128
Debt Service	23,132,947		24,185,114	19,130,738
Reserve Appropriation	3,650,000		75,000	3,650,000
Total Water and Sewer Fund	\$ 75,514,321	\$ (131,500)	\$ 72,935,030	\$ 80,131,361
Aviation Fund				
Transportation	\$ 1,563,624		\$ 1,563,624	\$ 1,720,250
Total Aviation Fund	\$ 1,563,624	\$ -	\$ 1,563,624	\$ 1,720,250
Solid Waste Fund				
Financial Services	\$ 631,598		\$ 631,598	\$ 663,252
Municipal Services	13,606,772	(335,000)	13,271,772	14,529,177
Reserve Appropriation	1,000,000		2,179	1,000,000
Debt Service	1,489,000		1,489,000	-
Total Solid Waste Fund	\$ 16,727,370	\$ (335,000)	\$ 15,394,549	\$ 16,192,429
Total Enterprise Funds	\$ 93,805,315	\$ (466,500)	\$ 89,893,203	\$ 98,044,040
EXPENDABLE TRUST FUND				
Trusts				
Mayor's Com. For Emp. of the Handicapped	\$ 10,000		\$ 10,000	\$ 15,000
Scottsdale Mem. Hosp. Redevelopment	18,677		18,111	-
Reserve Appropriation	250,000		-	10,000
Total Trust Fund	\$ 278,677	\$ -	\$ 28,111	\$ 25,000

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

SCHEDULE E

CITY OF SCOTTSDALE
Summary by Department of Expenditures Within Each Fund
Fiscal Year 2006/07

<u>Fund/Department</u>	<u>Adopted Budgeted Expenditures 2005/06</u>	<u>Expenditure Adjustments Approved 2005/06</u>	<u>Actual Expenditures 2005/06*</u>	<u>Budgeted Expenditures 2006/07</u>
INTERNAL SERVICE FUNDS				
Fleet Management Fund				
Municipal Services	\$ 11,838,433	\$ 1,860,400	\$ 15,753,213	\$ 15,947,781
Internal Service Offset	(12,084,359)		(12,084,359)	(14,239,948)
Total Fleet Management Fund	<u>\$ (245,926)</u>	<u>\$ 1,860,400</u>	<u>\$ 3,668,854</u>	<u>\$ 1,707,833</u>
Self Insurance Fund				
Financial Services	\$ 22,102,312	\$ 2,500,000	\$ 26,213,942	\$ 28,454,629
Reserve Appropriation	4,000,000	(2,500,000)	2,606,425	4,000,000
Internal Service Offset	(19,362,302)		(19,362,302)	(22,096,737)
Total Self Insurance Fund	<u>\$ 6,740,010</u>	<u>\$ -</u>	<u>\$ 9,458,065</u>	<u>\$ 10,357,892</u>
Total Internal Service Funds	<u>\$ 6,494,084</u>	<u>\$ 1,860,400</u>	<u>\$ 13,126,919</u>	<u>\$ 12,065,725</u>
TOTAL ALL FUNDS	<u>\$ 1,357,401,765</u>	<u>\$ -</u>	<u>\$ 823,128,297</u>	<u>\$ 1,353,546,331</u>

* Includes actual expenditures recognized on the modified accrual or accrual basis as of the date the proposed budget was prepared, plus estimated expenditures for the remainder of the fiscal year.

SCHEDULE F

**CITY OF SCOTTSDALE
Summary of Specific Budget Appropriations
Fiscal Year 2006/07**

	OPERATING BUDGET	CAPITAL BUDGET	OTHER FISCAL ACTIVITY	TOTAL ACTIVITY
Department:				
General Government	\$ 30,944,148			\$ 30,944,148
Police	80,028,432			80,028,432
Financial Services	41,271,918			41,271,918
Transportation	16,052,165			16,052,165
Community Services	58,189,106			58,189,106
Information Systems	9,792,542			9,792,542
Fire	30,355,794			30,355,794
Water Resources	54,790,128			54,790,128
Municipal Services	44,719,062			44,719,062
Citizen & Neighborhood Resources	3,574,536			3,574,536
Human Resources	4,480,718			4,480,718
Economic Vitality	8,510,849			8,510,849
Planning & Development Services	15,400,539			15,400,539
Estimated Department Savings	(4,800,000)			(4,800,000)
Internal Service Fund Offsets	(36,336,685)			(36,336,685)
Debt Service	89,309,769			89,309,769
Capital Improvements		\$ 847,921,700		847,921,700
Other Fiscal Activity:				
Grants			\$ 20,380,520	20,380,520
Trusts and Special Districts			615,000	615,000
Total 2005/06 Budget	\$ 446,283,021	\$ 847,921,700	\$ 20,995,520	\$ 1,315,200,241
Reserve/Contingency Appropriations	21,336,090	15,000,000	2,010,000	38,346,090
Total Budget Appropriation	\$ 467,619,111	\$ 862,921,700	\$ 23,005,520	\$ 1,353,546,331

ORDINANCE NO. 3686

AN ORDINANCE OF THE CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA, LEVYING UPON THE ASSESSED VALUATION OF THE PROPERTY WITHIN THE CITY OF SCOTTSDALE SUBJECT TO TAXATION, A CERTAIN SUM UPON EACH ONE HUNDRED DOLLARS (\$100.00) OF ASSESSED VALUATION SUFFICIENT TO RAISE THE AMOUNT ESTIMATED TO BE REQUIRED IN THE ANNUAL BUDGET, LESS THE AMOUNT ESTIMATED TO BE RECEIVED FROM OTHER SOURCES OF REVENUE; PROVIDING FUNDS FOR THE VARIOUS BOND REDEMPTIONS, FOR THE PURPOSE OF PAYING INTEREST UPON BONDED INDEBTEDNESS AND PROVIDING FUNDS FOR GENERAL MUNICIPAL EXPENSES; ALL FOR THE FISCAL YEAR ENDING THE 30TH DAY OF JUNE, 2007.

WHEREAS, by the provisions of the City Charter and State Statute, an ordinance is required to set the property tax levy for the fiscal year beginning July 1, 2006, and ending June 30, 2007; and

WHEREAS, the county of Maricopa is the assessing and collecting authority for the City of Scottsdale, the Clerk is hereby directed to transmit a certified copy of this ordinance to the County Assessor.

BE IT ORDAINED by the Council of the City of Scottsdale as follows:

SECTION 1. There is hereby levied on each one hundred dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a primary property tax levy not to exceed the maximum levy allowed by law for the fiscal year ending June 30, 2007. The total primary levy is \$20,065,685, resulting in a tax rate of \$0.4192 per \$100 of assessed value. Said figure subject to change only if a court decision were to reduce the net assessed valuation in a significant manner.

SECTION 2. In addition to the rate set in Section 1 hereinbefore, there is hereby levied on each one hundred dollars (\$100.00) of assessed valuation of all property, both real and personal, within the corporate limits of the City of Scottsdale, except such property as may be by law exempt from taxation, a secondary property tax rate of \$0.5512 per \$100 of assessed value, which is a rate sufficient to raise the sum of \$28,711,975 for the purpose of providing a bond interest and redemption fund for General Obligation debt service for the fiscal year ending June 30, 2007.

SECTION 3. Failure by the county officials of Maricopa County, Arizona, to properly return the delinquent list, any irregularity in assessments or omission in the same, or any irregularity in any proceedings shall not invalidate such proceedings or invalidate any title conveyed by any tax deed; failure or neglect of any officer(s) to timely perform any of the assigned duties shall not invalidate any proceedings or any deed or sale pursuant thereto; the validity of the assessment or levy of taxes or of the judgment of sale by which the collection of the same may be enforced shall not affect the lien of the City of Scottsdale upon such property for the delinquent taxes unpaid thereon, and no overcharge as to part of the taxes or of costs shall invalidate any proceedings for the collection of taxes or the foreclosure; and all acts of officers de facto shall be valid as if performed by officers de jure.

Ordinance No. 3686
Page 2 of 2

SECTION 4. All ordinances and parts of ordinances in conflict herewith are hereby repealed.


PASSED AND ADOPTED by the Council of the City of Scottsdale, Maricopa County, Arizona, this 20th day of June, 2006.

ATTEST:

CITY OF SCOTTSDALE,
an Arizona municipal corporation



Carolyn Jagger
City Clerk



Mary Manross
Mayor

APPROVED AS TO FORM:



Deborah Robberson
City Attorney