

Annual Comprehensive Financial Report



City of Scottsdale, Arizona
For the Fiscal Year Ended June 30, 2024

City of Scottsdale, Arizona



Annual Comprehensive Financial Report
for the fiscal year ended June 30, 2024

Prepared by:

City Treasurer's Office
Sonia Andrews, CPA
City Treasurer/Chief Financial Officer
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Accounting Director



CITY OF SCOTTSDALE, ARIZONA

Annual Comprehensive Financial Report For the Fiscal Year ended June 30, 2024

Table of Contents

Introductory Section

Letter of Transmittal - City Treasurer	1
Certificate of Achievement - Government Finance Officers Association.....	9
List of Elected and Appointed Officials.....	11
Organizational Chart.....	13

Financial Section

Independent Auditor’s Report.....	15
Management’s Discussion and Analysis.....	18

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position.....	35
Statement of Activities.....	37

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	43
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	46
Statement of Fund Net Position - Proprietary Funds.....	47
Reconciliation of the Proprietary Funds Statement of Fund Net Position to the Statement of Net Position.....	49

Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.....	50
Reconciliation of the Proprietary Funds Statement of Revenue, Expenses, and Changes in Fund Net Position to the Statement of Activities.....	51
Statement of Cash Flows - Proprietary Funds.....	52

Notes to Financial Statements:

I. Summary of Significant Accounting Policies.....	54
II. Reconciliation of Government-wide and Fund Financial Statements.....	66
III. Stewardship, Compliance, and Accountability.....	77
IV. Detailed Notes on All Funds	
A. Cash and Investments.....	82
B. Endowments.....	88
C. Receivables	88
D. Capital Assets.....	91
E. Interfund Balances and Interfund Transfers.....	95
F. Leases.....	96
G. Subscription-Based Information Technology Arrangements.....	97
H. Public-Public Partnerships and Public-Private Partnerships.....	98
I. Bonds, Loans, and Other Payables.....	100
V. Other Information	
A. Risk Management.....	111
B. Contingent Liabilities.....	111
C. Subsequent Events.....	112
D. Joint Ventures.....	112
E. Pollution Remediation.....	113
F. Related Organization.....	114
G. Pension, Retirement, and Other Postemployment Benefit Plans.....	114
H. Other Postemployment Benefits.....	137

Required Supplementary Information

Proportionate Share of Collective Net Pension Liability for Cost-Sharing Pension Plan.....138
Changes in the City’s Net Pension Liability (Asset) and Related Ratios for Agent
Pension Plans.....139
Schedule of City Contributions.....141
Changes in the City’s Total OPEB Liability and Related Ratios.....144
Notes to Required Supplementary Information.....145

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Governmental Funds.....149
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds.....150
Combining Balance Sheet - Nonmajor Special Revenue Governmental Funds.....151
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Governmental Funds.....153

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

Transportation - Special Revenue Fund.....155
Community Development Block Grant - Special Revenue Fund.....156
HOME - Special Revenue Fund.....157
Grants - Special Revenue Fund.....158
Housing Choice Voucher Program - Special Revenue Fund.....159
Preserve Privilege Tax - Special Revenue Fund.....160
Streetlight Districts - Special Revenue Fund.....161
Special Programs - Special Revenue Fund.....162
Tourism Development - Special Revenue Fund.....163
Stadium Facility - Special Revenue Fund.....164

Combining and Individual Fund Statements and Schedules:

Combining Balance Sheet - Nonmajor Debt Service Governmental Funds.....165
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Debt Service Governmental Funds.....166

Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

General Obligation Bond Debt Service Fund.....167
Municipal Property Corporation Debt Service Fund.....168

Combining and Individual Fund Statements:

Combining Balance Sheet - Nonmajor Capital Projects Governmental Funds.....169

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Projects Governmental Funds.....170

Combining Balance Sheet - Nonmajor Permanent Governmental Funds.....171

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Permanent Governmental Funds.....172

Combining Statement of Fund Net Position - Internal Service Funds.....174

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position -
Internal Service Funds.....175

Combining Statement of Cash Flows - Internal Service Funds.....176

Other Supplementary Information:

Schedule of Changes in Long-Term Debt.....178

Statistical Section

Financial Trends

Net Position by Component - Last Ten Fiscal Years (accrual basis of accounting).....184

Changes in Net Position - Last Ten Fiscal Years (accrual basis of accounting).....185

Fund Balances of Governmental Funds - Last Ten Fiscal Years
(modified accrual basis of accounting).....188

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
(modified accrual basis of accounting).....189

Tax Revenues by Source - Last Ten Fiscal Years (modified accrual basis of accounting).....192

Revenue Capacity

Taxable Sales Subject to Privilege (Sales) Tax by Category - Last Ten Fiscal Years.....193

Direct and Overlapping Sales Tax Rates - Last Ten Fiscal Years.....194

Sales Tax Revenue Payers by Industry - Current Year and Nine Years Ago.....195

Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years.....196

Principal Property Taxpayers - Current Year and Nine Years Ago.....197

Assessed Value of Taxable Property - Last Ten Fiscal Years.....198

Property Tax Levies and Collections - Last Ten Fiscal Years.....199

Debt Capacity

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years.....200

Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years.....201

Direct and Overlapping Governmental Activities Debt as of June 30, 2024.....202

Legal Debt Margin Information - Last Ten Fiscal Years.....203

Pledged-Revenue Coverage - Last Ten Fiscal Years.....205

Demographic and Economic Information

Demographic and Economic Statistics - Last Ten Fiscal Years.....206

Principal Employers - Current Year and Nine Years Ago.....207

Operating Information

Full-time Equivalent City Government Employees by Function - Last Ten Fiscal Years.....208

Operating Indicators by Division - Last Ten Fiscal Years.....209

Capital Asset Statistics by Function - Last Ten Fiscal Years.....212



Letter of Transmittal
For the Fiscal Year Ended June 30, 2024



October 29, 2024

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Scottsdale, Arizona:

The Annual Comprehensive Financial Report of the City of Scottsdale, Arizona, (the city) for the fiscal year ended June 30, 2024, is submitted in accordance with City Charter and Arizona Revised Statutes. Both require the city to issue an annual report on its financial position and activity, and to have the report audited by certified public accountants independent of city government. This report was prepared by the city's accounting department in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the city, including its blended component units. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the city has established a comprehensive internal control framework designed for this purpose. Because the cost of internal control should not exceed anticipated benefits the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. To the best of management's knowledge and belief, the enclosed data is accurate, in all material aspects, and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the city.

Heinfeld, Meech & Co., P.C., a firm of licensed certified public accountants, performed the annual independent audit. The goal of the audit was to provide reasonable assurance that the basic financial statements of the city are free of material misstatement. The independent auditor concluded that the city's financial statements for the fiscal year ended June 30, 2024, are fairly stated in conformity with GAAP. This is the most favorable conclusion and is commonly known as an unmodified or "clean" opinion. The independent auditor's report is located on the first page of the Financial Section of this report.

The independent audit of the financial statements of the city was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the city's separately issued Single Audit Report and may be obtained from the city's website.

This letter of transmittal provides a non-technical summary of the city's profile, economic prospects, and achievements. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the city's basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

CITY OF SCOTTSDALE PROFILE

History

Scottsdale was founded in 1888 when retired Army Chaplain Major Winfield Scott homesteaded what is now the center of the city. The city incorporated in 1951 and the City Charter, under which it is presently governed, was adopted in 1961. Portions of the city's charter have been modified several times by vote of the citizens.

Current Profile

Scottsdale is centrally located in Maricopa County, Arizona, with its boundaries encompassing 184.5 square miles, stretching 31 miles from north to south, and 11.4 miles at its widest point. The city is bordered on the west by Phoenix, the state capital, by Tempe on the south, the Tonto National Forest to the north, and the McDowell Mountains and the Salt River-Pima Maricopa Indian Community on the east. Scottsdale and its neighboring cities form the Phoenix Metro area which is the economic, political, and population center of the state. The city has experienced significant increases in population over the years, with the 1950 census reporting 2,021 residents, the 2020 census reporting 241,361 residents, and a current estimate of 244,394 residents. The city is the seventh largest municipality by population in Arizona, and the 93rd largest city in the United States.

Government and Organization

Scottsdale operates under a council-manager form of government as provided by its Charter. The Mayor and six City Council members are elected at large on a non-partisan ballot and serve overlapping four-year terms. The City Council directly appoints six officers (City Attorney, City Auditor, City Clerk, City Manager, City Treasurer, and Presiding Judge) who have full responsibility for carrying out City Council policies and administering day-to-day operations. The city provides a full range of municipal services including police and fire protection, sanitation service, water and sewer services, construction and maintenance of streets, and recreational activities including libraries and cultural events.

Budgetary Controls

The annual budget serves as the foundation for Scottsdale's financial planning and control. The City Council formally adopts the budget and legally allocates, or appropriates, available monies for the city's various funds. On or before the second regular Council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Three public hearings are held prior to the final budget adoption to obtain taxpayer comments. Each year in June, the budget is legally enacted through passage of an ordinance. The ordinance sets the maximum legal expenditure limit for the ensuing fiscal year. Additional expenditures may be authorized if directly necessitated by a natural or man-made disaster as prescribed in the Arizona State Constitution, Article 9, Section 20. During fiscal year 2024, there were no such supplemental budgetary appropriations authorized.

The expenditure appropriations in the adopted budget are by division and fund level; however, divisional appropriations may be amended during the year. On the recommendation of the City Manager and with the approval of the City Council: 1) transfers may be made from the appropriations for contingencies to divisions; and 2) unexpended appropriations may be transferred from one division to another. For example, if the Public Safety Division is over budget and there are savings in the Community Services Division, City Council can authorize a budget transfer between these divisions.

LOCAL ECONOMY

Business

Scottsdale is one of the state's leading job centers with a robust economy anchored by biomedical science companies, high-tech innovation, tourism, financial services, and corporate headquarters. Almost 34,000 companies do business in Scottsdale, creating more than 200,000 jobs. The high-tech innovation center SkySong, located a few miles from downtown Scottsdale, is designed to help companies grow through a unique partnership with Arizona State University. Scottsdale's downtown, Old Town Scottsdale, is an emerging center for high-tech businesses, and home to one of the most successful shopping centers in the southwest United States, Scottsdale Fashion Square. To the north, Scottsdale Airpark is the city's largest employment area, and the Scottsdale Cure Corridor is a partnership of premier healthcare providers and biomedical companies.

Tourism

Tourism is one of Scottsdale's largest and most vibrant industries and is a significant contributor to the city's economy. With great weather, breathtaking scenery, and a calendar full of special events, Scottsdale is a popular tourist destination in Arizona that welcomes millions of visitors annually. The city boasts many hotels, including several world-class resorts, along with spectacular spas, trend-setting dining, and one of a kind Sonoran Desert golf courses.

Transaction Privilege (Sales) Tax

Scottsdale's largest revenue source is sales tax generated from a variety of business categories including automotive, construction, food stores, hotels, department stores, retail stores, restaurants, utilities, and rentals. Sales tax is generated directly from the city's own applied tax rate and indirectly as the city receives its share of sales tax generated from the State of Arizona's applied tax rate. Sales tax is remitted to the city by the state on a weekly basis.

Sales tax revenue represented 42.2 percent of General Fund revenues for fiscal year 2024, totaling \$192.7 million. The year-over-year decrease of 3.4 percent in the General Fund sales tax revenue for fiscal year 2024 was partially due to the city experiencing record-breaking attendance at city-hosted events, including Super Bowl related activities, in 2023. Categories with the highest reported tax revenues in fiscal year 2024 were miscellaneous retail stores, rentals, and other taxable activity, which primarily includes amusement, manufacturing, wholesale, and services with retail. The city expects a slight increase in General Fund sales tax revenues overall in fiscal year 2025, realigning with pre-pandemic historic growth trends. The city also factored into the forecast the elimination of the residential rental tax that goes into effect in January 2025.

Property Values

Scottsdale is a safe, family-friendly community and benefits from a robust assessed valuation of the properties contained within its boundaries. These strong assessed valuations contribute to Scottsdale residents experiencing lower property tax rates and higher median housing values than many of the surrounding municipalities in the Phoenix metropolitan area. Scottsdale property owners will see a decrease in the city's combined property tax rate in the coming year of \$0.0498 over the prior year. The decrease is mostly attributed to the secondary tax rate which pays for the city's expected debt service payments.

LONG-TERM FINANCIAL PLANNING

Scottsdale's five-year financial plan is based on sound financial reserves, low debt burden, and conservative revenue growth forecasts. The city anticipates a modest increase in overall revenues for the five-year financial forecast with anticipated revenues returning to normal historical growth trends. The city will continue to focus on efficient spending to maintain essential city services to the community such as police, fire, transportation, and social services. Achieving and maintaining fiscal stability requires many elements all working in concert with each other. The following identifies key elements of our financial plan.

Adopted Comprehensive Financial Policies

Financial policies establish guidance 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. The city has adopted 14 comprehensive financial policies governing revenue management, expenditure management, fiscal planning and budgeting, capital assets maintenance and replacement, cash and investments, debt, grants, risk management, reserves and fund balance, pension funding, tourism development, economic development, enterprise funds, and accounting, auditing, and financial reporting. Regular review and refinement of these policies is completed in conjunction with financial plan development and policies that are adopted annually by the City Council.

The City Council has also adopted a *Public Safety Personnel Retirement System (PSPRS) Pension Funding Policy* as required by state law. This policy outlines how the city will maintain stability of required contributions, how and when the city's funding requirements will be met and defines the city's funded ratio target under the PSPRS and when it will be met.

Financial Resources Planning

Scottsdale's strategic financial planning begins with a determination of the city's fiscal capacity based on long-term financial forecasts of available revenues. Conservative financial forecasts, coupled with financial trend analysis techniques and reserve analysis, help preserve the fiscal well-being of Scottsdale. Strategic financial planning is a critical element to maintain long-term financial stability.

Multi-Year Operating Budget Planning

Multi-year budgeting encompasses long-range operating expenditure plans (including the operating impacts of capital projects), which are linked to community expectations and broad goals of the City Council. Scottsdale builds a five-year financial plan to help anticipate future impacts and ensure achievement of the city's long-term objectives. Additionally, the city adopts annual budgets for operating funds and five-year Capital Improvement Plans budgets.

Strategic Capital Improvement Project Planning

Scottsdale Capital Improvement Projects are planned for five or more years and analyzed using city-specific prioritization criteria. The operating cost impacts of projects are also planned and considered in developing future operating budgets. Projects with significant operating impacts are carefully timed to avoid contingent liabilities that future operating resources cannot meet. All capital funding sources are conservatively estimated to avoid over-committing to capital construction using revenues that are not certain. To the extent debt financing is used, capital project plans are sized to conform to existing debt management policies.

Debt Management

Scottsdale has a financial policy that prohibits the issuance of debt for operating expenses. With that as a governing framework, all debt issuances are for the purpose of financing infrastructure or long-lived assets. Each debt issuance is evaluated against policies addressing debt service as a percent of operating expenditures; tax and revenue bases for the repayment of debt; overall debt burden on the community; and statutory limitations and market factors affecting interest costs. In all cases, a long-term analysis is made considering the debt capacity that fits the financial wherewithal (and willingness) of the community to pay for the capital projects. Sizing of the city's Capital Improvement Plan based on debt capacity in conjunction with conservatively estimated revenues helps stabilize per capita debt and lower annual debt service costs to the city over the long-term.

In recent years the city has issued two types of debt: voter-approved General Obligation bonds and non-voter-approved Municipal Property Corporation bonds (see Section IV.I. of the Notes to the Financial Statements for additional information).

The city retained credit ratings of "Aaa," "AAA," and "AAA" from the three major credit rating agencies (Moody's Investors Service, S&P Global, and Fitch Ratings, respectively) on the city's outstanding General Obligation bonds where debt service is supported by property taxes. Scottsdale is one of a select number of cities in the nation to earn this distinction. Ratings for the city's revenue bonds, where debt service is supported by enterprise revenues or excise taxes, are also highly rated by the three major credit rating agencies. A summary of the city's bond ratings follows:

City of Scottsdale Bonded Debt Ratings
As of June 30, 2024

	Moody's Investors Service*	S&P Global	Fitch Ratings
General Obligation (GO)	Aaa	AAA	AAA
Municipal Property Corp (MPC)	Aa1	AAA	AA+

*In August 2024, Moody's Investors Service upgraded the MPC rating to Aaa.

MAJOR INITIATIVES

The city’s adopted fiscal year 2025 budget reflects moderate increased revenue projections in the local economy resulting from interest earnings from city investments, the new ambulance transportation services, building permits fees and charges, offset by anticipated reductions in the city’s proportionate slice of state-shared incomes tax, sales tax, and vehicle license fees, primarily due to the state’s switch to a flat income tax rate model. The General Fund adopted operating budget increased by \$0.6 million when compared to the fiscal year 2024, to provide core services and the priorities/policy direction of the City Council which include:

- \$8.0 million for the costs anticipated in implementing a comprehensive classification and compensation study
- \$5.6 million to establish Phase I of ambulance transportation operations
- \$4.7 million for the 2 percent market adjustment
- \$2.8 million for the citywide pay for performance program
- \$1.4 million to equip and staff the newly constructed Fire Station 612
- \$1.0 million for the vacation buyback program for eligible employees

Additionally, \$2.24 billion is included in the capital project adopted budget for the proposed five-year Capital Improvement Plan budget for fiscal year 2025. Many of the projects are part of the 2019 bond package approved by voters, which address critical infrastructure needs. Projects also include City Council and citizen priorities throughout the city. Significant projects include:

- \$153.4 million Bond 2019 program projects which include expansion of Granite Reef Senior Center, building of new swimming pools/building at Cactus Pool, lakes and irrigation improvements at Vista Del Camino Park, building a new fire station at Hayden and Loop 101 and renovating the Via Linda police station
- \$46.3 million water distribution system improvements
- \$46.0 million for Water Campus Reclamation Plant expansion
- \$42.1 million for expansion of the solid waste transfer station facility
- \$22.3 million for pavement overlay program

AWARDS AND ACKNOWLEDGMENTS

Certificates of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the city for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, marking the fifty-first consecutive year the city has achieved this prestigious recognition. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is only valid for a period of one year. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.

As well, the city received the *Distinguished Budget Presentation Award* for the fiscal year beginning July 1, 2023, from the GFOA for our conformity in budget presentation. We believe that our current budget continues to conform to the program requirements, and we expect to receive this award again for the fiscal year beginning July 1, 2024.

Acknowledgments

The preparation of this report would not have been possible without the skill, effort, and dedication of the Accounting Department and the many members of other departments who responded so positively to the requests for detailed information that accompanies each annual audit. I also wish to express my sincere appreciation to the City Council and the City Manager for their support in maintaining the highest standards of professionalism in planning and conducting the financial affairs of the City of Scottsdale.

Respectfully submitted,



Sonia Andrews, CPA

City Treasurer/Chief Financial Officer

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Scottsdale
Arizona**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024



City of Scottsdale, Arizona

List of Elected and Appointed Officials

City Council

David D. Ortega, Mayor

Tammy Caputi

Tom Durham

Barry Graham

Betty Janik

Kathy Littlefield

Solange Whitehead

Charter Officers

Jim Thompson, City Manager

Sherry R. Scott, City Attorney

Lai Cluff, Acting City Auditor

Ben Lane, City Clerk

Sonia Andrews, City Treasurer/Chief Financial Officer

Marianne T. Bayardi, Presiding Judge

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People of Scottsdale



**Mayor
& City
Council**

**Citizen
Advisory
Groups**

COMMISSIONS

Airport
Environmental
Historic Preservation
Human Relations
Human Services
McDowell Sonoran Preserve
Neighborhood
Parks and Recreation
Planning
Tourism Development
Transportation
Veterans

BOARDS

Adjustment
Building Appeals
Development Review
Judicial Appointments
Library
Loss Trust Fund
Personnel
Public Safety Personnel
Retirement - Fire Local
Public Safety Personnel
Retirement - Police Local

City Court

**Presiding
Judge**

**City
Attorney**

Civil
Prosecution
Risk Management
Victim Services

**City
Treasurer**

Accounting
Budget
Business Services
Finance
Purchasing

**Charter
Officers**

**City
Auditor**

**City
Manager**

**City
Clerk**

**CITY MANAGER'S
OFFICE**

ADMIN SERVICES

Communications
Government Relations
Information Technology

**COMMUNITY &
ECONOMIC
DEVELOPMENT**

Aviation
Planning & Development
Services
Economic Development
Tourism & Events

**Assistant
City
Manager**

**Executive
Leadership**

**Police
Chief**

POLICE
Office of the Police Chief
Uniformed Services
Investigative Services
Operational Services

**COMMUNITY
SERVICES**

Human Services
Libraries
Parks & Recreation
Planning & Business
Operations
Preserve
WestWorld

ADMIN SERVICES

Human Resources

PUBLIC WORKS

Capital Project
Management
Facilities
Management
Fleet Management
Solid Waste
Management
Transportation
& Streets

WATER

Water Quality
Reclamation Services
Planning & Engineering
Technology &
Administration
Water Services
Pipeline & Treatment
Agreements

**Assistant
City
Manager**

**Fire
Chief**

FIRE
Office of the Fire Chief
Emergency Services
Professional Services
Prevention Services



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Scottsdale, Arizona

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsdale, Arizona (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottsdale, Arizona, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of City of Scottsdale, Arizona, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, net pension liability information, and other postemployment benefit plan information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Financial Statements and Schedules of Changes in Long-Term Debt are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Financial Statements and Schedules of Changes in Long-Term Debt information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of City of Scottsdale, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Scottsdale, Arizona's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Scottsdale, Arizona's internal control over financial reporting and compliance.

Heinfeld Meech & Co. PC

Heinfeld, Meech & Co., P.C.

Scottsdale, Arizona

October 29, 2024

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

This section of the City of Scottsdale, Arizona's (the city) Annual Comprehensive Financial Report presents a narrative overview and comparative analysis of the financial activities of the city for the fiscal years ended June 30, 2024, and 2023. Readers are encouraged to consider the information presented here in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal and other portions of this Annual Comprehensive Financial Report.

FINANCIAL HIGHLIGHTS

- The city's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources at the close of fiscal years 2024 and 2023 by \$6.8 billion and \$6.4 billion (*net position*), respectively. Of these amounts, \$614.7 million and \$518.7 million, respectively, represent unrestricted net position which may be used to meet the city's ongoing obligations to citizens and creditors.
- The city's total net position increased in fiscal year 2024 by \$379.1 million compared to an increase in net position of \$276.2 million during fiscal year 2023. Revenues increased by \$164.1 million from the prior year while expenses increased by \$61.2 million from the prior year.
- As of June 30, 2024, and 2023, the city's governmental funds reported combined ending fund balances of \$731.1 million and \$699.1 million, respectively. Approximately 26.9 percent of the current year amount (\$196.8 million) is available for spending at the city's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unrestricted fund balance (*the total of the committed, assigned, and unassigned components of fund balance*) for the General Fund was \$246.4 million or approximately 65.5 percent of total General Fund expenditures of \$376.4 million.
- The city's total long-term liabilities decreased by \$107.9 million to \$1.24 billion during the current fiscal year. This decrease was primarily due to principal payments made on the city's bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

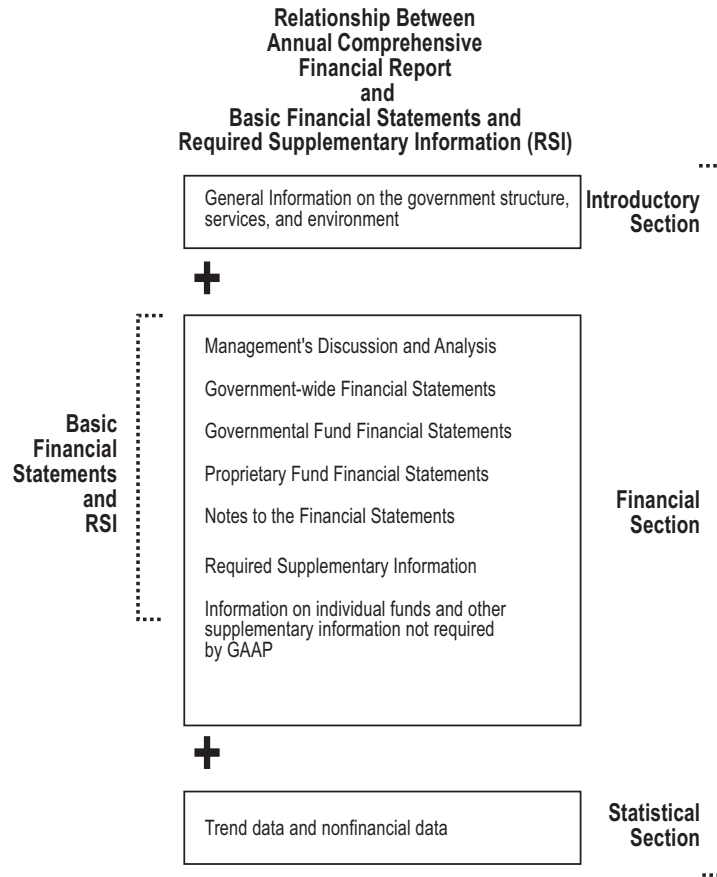
This discussion and analysis is intended to serve as an introduction to the city's basic financial statements, which include three components:

- (1) Government-wide Financial Statements
- (2) Fund Financial Statements
- (3) Notes to the Financial Statements

This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024



Government-wide Financial Statements. The **government-wide** financial statements are designed to provide readers with a broad overview of the city's finances, in a manner similar to a private-sector business. These statements provide information about the city as a whole, presenting both an aggregate current view of the city's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements reflect how services were financed in the short term as well as what dollars remain for future spending. The major fund financial statements also display the city's most significant funds.

The **statement of net position** presents financial information on all the city's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The **statement of activities** presents information showing how the city's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that are expected to result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes and earned but unused vacation and medical leave.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Both government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the city include general government, public works, community and economic development, public safety, community services, administrative services, and Scottsdale AZ CARES. The business-type activities of the city include water and sewer utilities, solid waste management, and airport operations.

The government-wide financial statements include not only the city itself (known as the *primary government*), but also the operations of the City of Scottsdale Municipal Property Corporation (MPC), and McDowell Mountain Ranch, DC Ranch, Via Linda Road, and Waterfront Commercial Community Facilities Districts. Although legally separate from the city, these component units are blended with the primary government because of their governance or financial relationships to the city. Separate financial statements of the MPC, and the McDowell Mountain Ranch, DC Ranch, Via Linda Road, and Waterfront Commercial Community Facilities Districts may be obtained at the Scottsdale City Treasurer's Office, 7447 East Indian School Road, Suite 210, Scottsdale, Arizona 85251.

The government-wide financial statements can be found on pages 35-37 of this report.

Fund Financial Statements. 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 funds of the city can be divided into two categories, governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, and provide the balances of spendable resources available at the end of the fiscal year. Such information reflects financial resources available in the near future to finance the city's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison highlights the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The city maintains several individual governmental funds organized according to their purpose (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, General Obligation Bond Debt Service Fund, General Capital Improvement Plan (CIP) Construction Capital Projects Fund, Transportation Privilege Tax Capital Projects Fund, and the External Sources Capital Projects Fund which are considered major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements in the combining and individual funds statements and schedules section of this report.

The basic governmental fund financial statements can be found on pages 38-46 of this report.

Proprietary Funds. Proprietary funds are generally used to account for services for which the city charges customers; either outside customers or internal units/divisions of the city. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The city maintains the following two types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The city uses enterprise funds to account for its water, sewer, solid waste, and aviation services. All enterprise funds are considered major funds of the city.

Internal service funds are used to report activities that provide supplies and services for certain city programs and activities. The city uses internal service funds to account for its fleet of vehicles, personal computer replacement, and health and general liability insurance activities. Because these services predominantly benefit internal units or divisions of the city rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in a separate section of this report.

The basic proprietary fund financial statements can be found on pages 47-53 of this report.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 54-137 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the city's proportionate share of the cost-sharing multiple-employer pension plan's net pension liability, the changes in the city's net pension liabilities regarding the agent multiple-employer pension plans, schedules of contributions to the pension plans, and changes in the city's total other post-employment benefits (OPEB) liability. Required supplementary information can be found on pages 138-145 of this report.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Combining Statements. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds can be found on pages 146-176 of this report.

Other Supplementary Information. The supplemental schedule of changes in long-term debt provides a comprehensive overview of the city's total debt and can be found on pages 177-181 of this report.

Statistical Information. The statistical section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information indicates about the city's overall financial health. This section can be found on pages 183-212 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

While this document contains information about the funds used by the city to provide services to its citizens, the statement of net position and the statement of activities serve to provide an answer to the question of how the city, as a whole, performed financially throughout the year. These statements include all assets/deferred outflows of resources and liabilities/deferred inflows of resources using the accrual basis of accounting similar to the private sector. The basis for this accounting considers all the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the city's net position and change in net position. The change in net position reflects whether the financial position of the city, as a whole, has improved or diminished; however, in evaluating the overall financial position of the city, non-financial information such as changes in the city's tax base and the condition of the city's capital assets should also be considered.

Analysis of Net Position. As noted earlier, net position over time may serve as a useful indicator of a government's financial position. For the city, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$6.75 billion, and \$6.37 billion at the close of the fiscal years 2024 and 2023, respectively.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The following table is a condensed summary of the city's net position for governmental and business-type activities:

Net Position

June 30, 2024 and 2023 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current and other assets	\$ 1,124,860	\$ 1,039,511	\$ 468,285	\$ 477,198	\$ 1,593,145	\$ 1,516,709
Capital assets	5,039,614	4,866,602	1,562,353	1,504,128	6,601,967	6,370,730
Total assets	6,164,474	5,906,113	2,030,638	1,981,326	8,195,112	7,887,439
Total deferred outflows of resources	126,051	130,218	14,906	17,386	140,957	147,604
Total assets and deferred outflows of resources	6,290,525	6,036,331	2,045,544	1,998,712	8,336,069	8,035,043
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Long-term liabilities outstanding	936,391	1,018,128	301,369	327,562	1,237,760	1,345,690
Other liabilities	182,342	157,570	60,118	58,209	242,460	215,779
Total liabilities	1,118,733	1,175,698	361,487	385,771	1,480,220	1,561,469
Total deferred inflows of resources	49,399	48,498	51,546	53,350	100,945	101,848
Total liabilities and deferred inflows of resources	1,168,132	1,224,196	413,033	439,121	1,581,165	1,663,317
NET POSITION						
Net investment in capital assets	4,468,449	4,247,801	1,316,476	1,221,022	5,784,925	5,468,823
Restricted	350,415	330,043	4,907	54,119	355,322	384,162
Unrestricted	303,529	234,291	311,128	284,450	614,657	518,741
Total net position	\$ 5,122,393	\$ 4,812,135	\$ 1,632,511	\$ 1,559,591	\$ 6,754,904	\$ 6,371,726

The largest portion, 85.6 percent, of the city's net position reflects its net investment in capital assets (e.g., land, buildings, water and sewer system, and streets and storm drains) less any related outstanding debt used to acquire those assets. These amounted to \$5.78 billion and \$5.47 billion as of June 30, 2024, and 2023, respectively. Although the city's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the city uses these assets to provide services to citizens and therefore cannot liquidate them.

An additional portion, 5.3 percent, of the city's net position, \$355.3 million at June 30, 2024, and 6.0 percent or \$384.2 million at June 30, 2023, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position, 9.1 percent of the city's total net position at June 30, 2024, and 8.2 percent at June 30, 2023, \$614.7 million and \$518.7 million, respectively, may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of Changes in Net Position. Total revenues exceeded total expenses in the current year, resulting in an increase in the city's total net position of \$379.1 million in fiscal year 2024 compared to an increase in net position of \$276.2 million during fiscal year 2023. The reasons for this overall increase are explained in the governmental and business-type activities discussion herein and depicted in the table that follows.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Changes in Net Position

For the fiscal years ended June 30, 2024 and 2023 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES						
Program revenues						
Charges for services	\$ 67,780	\$ 74,217	\$ 246,827	\$ 221,657	\$ 314,607	\$ 295,874
Operating grants and contributions	56,708	55,318	-	-	56,708	55,318
Capital grants and contributions	116,728	52,556	43,641	31,597	160,369	84,153
General revenues						
Property taxes	75,748	67,994	-	-	75,748	67,994
Business taxes	356,050	356,628	233	261	356,283	356,889
Intergovernmental - taxes	101,099	83,737	-	-	101,099	83,737
Intergovernmental - other	21,142	19,391	-	-	21,142	19,391
Interest and investment income	40,323	10,879	13,148	3,319	53,471	14,198
Other	16,697	14,493	-	-	16,697	14,493
Total revenues	<u>852,275</u>	<u>735,213</u>	<u>303,849</u>	<u>256,834</u>	<u>1,156,124</u>	<u>992,047</u>
EXPENSES						
General Government						
Mayor and City Council	1,027	898	-	-	1,027	898
City Clerk	968	1,090	-	-	968	1,090
City Attorney	8,059	7,679	-	-	8,059	7,679
City Auditor	1,046	1,117	-	-	1,046	1,117
City Court	7,357	6,475	-	-	7,357	6,475
City Manager	2,035	5,639	-	-	2,035	5,639
City Treasurer	11,683	10,327	-	-	11,683	10,327
Other General Government	10,567	-	-	-	10,567	-
Public Works	115,686	110,284	-	-	115,686	110,284
Community and Economic Development	51,851	49,554	-	-	51,851	49,554
Public Safety	206,102	182,910	-	-	206,102	182,910
Community Services	87,734	80,219	-	-	87,734	80,219
Administrative Services	34,605	21,486	-	-	34,605	21,486
Scottsdale AZ CARES	117	321	-	-	117	321
Streetlight and Services Districts	533	529	-	-	533	529
Interest on Long-Term Debt	16,029	15,619	-	-	16,029	15,619
Water Utility	-	-	124,386	117,079	124,386	117,079
Sewer Utility	-	-	58,401	66,634	58,401	66,634
Airport	-	-	9,685	9,257	9,685	9,257
Solid Waste	-	-	29,176	28,755	29,176	28,755
Total expenses	<u>555,399</u>	<u>494,147</u>	<u>221,648</u>	<u>221,725</u>	<u>777,047</u>	<u>715,872</u>
Increase in net position before transfers	296,876	241,066	82,201	35,109	379,077	276,175
Transfers	9,652	8,660	(9,652)	(8,660)	-	-
Change in net position	<u>306,528</u>	<u>249,726</u>	<u>72,549</u>	<u>26,449</u>	<u>379,077</u>	<u>276,175</u>
Net position - beginning	4,812,135	4,562,333	1,559,591	1,533,768	6,371,726	6,096,101
Net effect of prior period adjustment	3,730	76	371	(626)	4,101	(550)
Net position - beginning restated	<u>4,815,865</u>	<u>4,562,409</u>	<u>1,559,962</u>	<u>1,533,142</u>	<u>6,375,827</u>	<u>6,095,551</u>
Net position - ending	<u>\$ 5,122,393</u>	<u>\$ 4,812,135</u>	<u>\$ 1,632,511</u>	<u>\$ 1,559,591</u>	<u>\$ 6,754,904</u>	<u>\$ 6,371,726</u>

Governmental Activities. Net position for governmental activities increased \$306.5 million after transfers during fiscal year 2024 compared to an increase of \$249.7 million after transfers in fiscal year 2023. Total revenues increased \$117.1 million or 15.9 percent from the prior fiscal year and expenses increased \$61.3 million or 12.4 percent. Overall, revenues exceeded expenses resulting in an increase in net position.

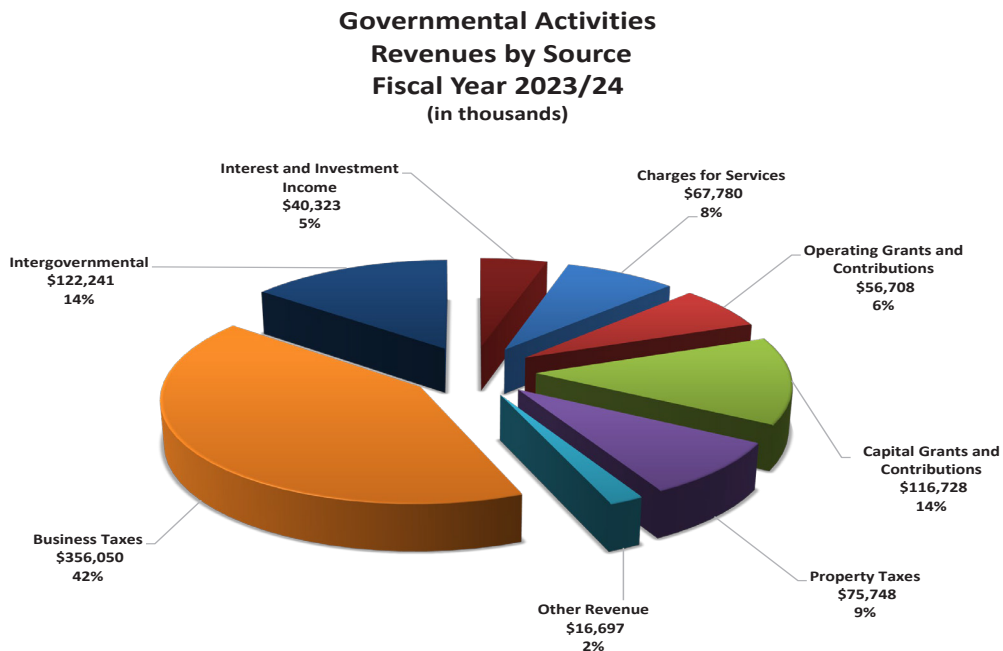
Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The city experienced an increase in total revenues from governmental activities over the prior year due primarily from increases in capital grants and contributions of \$64.2 million, an increase of interest and investment income of \$29.4 million, and increases in intergovernmental taxes of \$17.4 million. The capital grants and contributions had significant increases from developer contributions from the completion of construction projects in fiscal year 2024, with 2.74 more miles of streets being contributed than the prior fiscal year. The increase in interest and investment income was primarily due to the increases in the fair market value on the city investments, representing 61.2 percent of the increase for this category. The remaining portion of the increase is attributed to interest from the city's earnings rate on the core investment portfolio increasing by over one percent from the prior year and invested balances increasing by 13 percent. The increase in intergovernmental taxes was from the city receiving more state shared revenues than the prior year due to a higher allocation to Arizona cities as well as from economic growth in the state.

General revenues such as property, franchise, and privilege taxes are not shown by program, but are used to support program activities citywide. Total general revenues for governmental activities were \$611.1 million in fiscal year 2024 compared to \$553.1 million in fiscal year 2023. Intergovernmental taxes increased by \$17.4 million or 20.7 percent from the previous year due to the reasons previously stated above. The property tax category increased \$7.8 million or 11.4 percent over fiscal year 2023, primarily due to increased property tax assessed values and an increased combined tax rate of \$0.0743 per \$100 assessed valuation for this fiscal year. The secondary property tax is limited solely to support debt service payments of voter-approved general obligation bonds.

For governmental activities overall, without regard to program, business taxes was the largest single source of funds, followed by intergovernmental; capital grants and contributions; property taxes; charges for services; operating grants and contributions; interest and investment income. The other revenue category was the least significant source of revenue.



Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Another component of the change in net position is expense. The Public Safety Division, which is comprised of the Police and Fire Departments, is the largest expense function (37.1 percent), followed by the Public Works Division (20.8 percent), and the Community Services Division (15.8 percent).

The Public Safety Division provides police and fire/emergency services throughout the city. Expenses increased by \$23.2 million, or 12.7 percent, during fiscal year 2024 due primarily from increases in personnel costs from the city's pay for performance plan for up to five percent and market adjustment of two percent. In fiscal year 2024, the city also incurred \$1.3 million to begin establishing the municipal ambulance services, expected to begin in fiscal year 2025.

The Public Works Division consists of five departments: Capital Project Management, Facilities Management, Fleet Management, Solid Waste Management, and Transportation and Streets. Expenses were \$5.4 million, or 4.9 percent, higher than the prior fiscal year due primarily from contractual increases from electricity costs and to maintain city equipment.

The city's Community Services Division is responsible for improving and maintaining facilities, and sponsors services that provide opportunities for family interaction, cultural enrichment, development of lifetime skills, and promoting healthy lifestyles. The division consists of: Human Services, Libraries, Parks and Recreation, Planning and Business Operations, Preserve, and WestWorld. Expenses were \$7.5 million, or 9.4 percent, higher than the prior fiscal year due primarily from increases in personnel expenditures resulting from a two percent market adjustment and for the pay for performance plan of up to five percent.

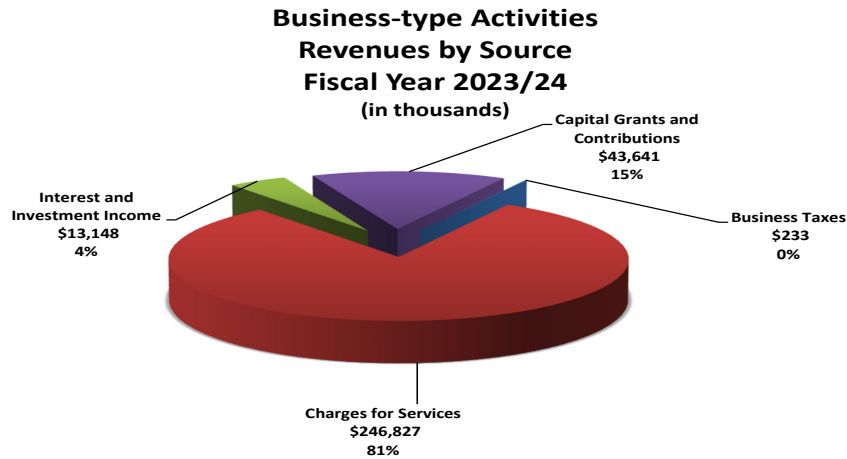
The city created the Other General Government Division this fiscal year to record the expenses associated with the Maricopa County Qasimyar Settlement. On April 5, 2024, the city received notification that a class action lawsuit against Maricopa County, resulted in a recalculation of property tax. As a result of the lawsuit, Arizona cities were provided with the amounts that were due back to the property owners which includes the refund of taxes as well as the legally accrued interest. The city's total liability provided by Maricopa County is \$10.6 million which includes portions from the city's primary property tax recorded in the General Fund and secondary property tax recorded in the General Obligation Debt Service Fund. The refunds also impacted the Streetlight Districts Special Revenue fund and several community facilities district's special revenue and debt service non-major funds. All refunds are expected to be completed in fiscal year 2025.

Business-type Activities. Net position for business-type activities increased by \$72.5 million after transfers during fiscal year 2024 compared to \$26.4 million after transfers in fiscal year 2023. Total revenues increased by \$47.0 million, or 18.3 percent, due largely from the charges for services category. The charges for services revenue category increased over the prior year due primarily from customer water usage. The usage increased by almost one billion gallons of water from the prior year in correlation with about 40 percent less rainfall in the city. Overall, total revenues exceeded expenses resulting in an increase in net position for the fiscal year.

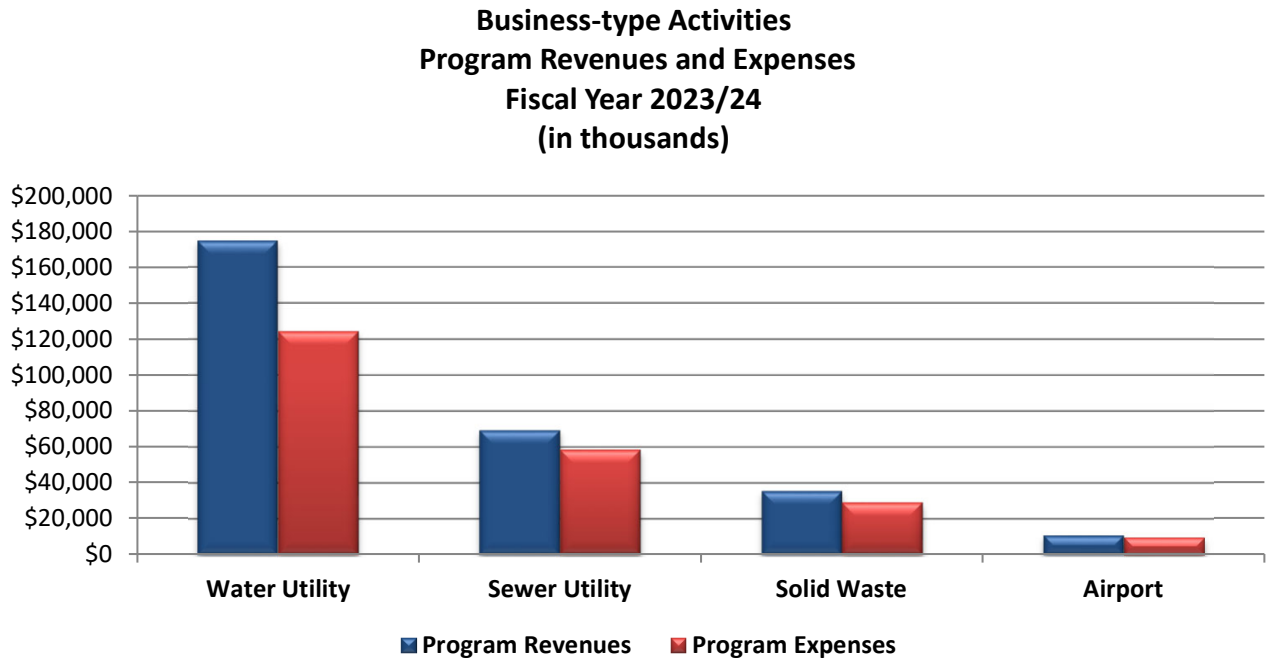
As shown in the *Business-type Activities Revenues by Source* chart, charges for services provided the largest share of revenues, followed by capital grants and contributions. The interest and investment income and business taxes were the least significant sources of revenue.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024



As shown below in the *Business-type Activities Program Revenues and Expenses* chart, the largest of the city's business-type activities, water utility and sewer utility, had expenses of \$124.4 million and \$58.4 million, respectively, in fiscal year 2024, followed by solid waste with \$29.2 million and airport with \$9.7 million.



The city's Water Resources Department manages and operates a safe, reliable water supply and wastewater reclamation system, and in fiscal year 2024 they provided 93,778 water connections to Scottsdale citizens. The water and sewer utility's combined expenses decreased by 0.5 percent or \$0.9 million in fiscal year 2024 compared to fiscal year 2023. The decrease in expenditures was primarily for the sewer utilities activities in reduced joint venture costs when compared to the prior fiscal year.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The Solid Waste Department provided delivery of safe, efficient, and environmentally sound refuse collection services to 84,976 residential customers in fiscal year 2024. Total program expenses increased 1.5 percent or \$0.4 million in fiscal year 2024 compared to fiscal year 2023 due primarily from increases in personnel costs from the city's pay for performance plan for up to five percent and market adjustment of two percent.

The Aviation Department operates the city's general aviation reliever facility and is home to many local corporate aircraft. More than 171,539 take-offs and landings occurred in fiscal year 2024 at Scottsdale Airport, an increase of 2.3 percent from the prior year. Total program expenses increased by 4.6 percent or \$0.4 million in fiscal year 2024 compared to fiscal year 2023 due primarily to increases in personnel related costs from the city's pay for performance plan for up to five percent and market adjustment of two percent.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the city uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Funds are created and segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Activity not required to be reported in a separate fund is included in the General Fund. Governmental funds are used to account for tax-supported activities.

Governmental Funds. The focus of the city's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable and non-spendable resources. Such information may be useful in assessing the city's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use, as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City Council, or the City Treasurer who has been delegated authority to assign resources for a particular purpose by the City Council. Types of governmental funds reported by the city include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, and Permanent Funds.

As of the end of the current fiscal year, the city's governmental funds reported a combined ending fund balance of \$731.1 million, an increase of \$32.0 million from the prior year total of \$699.1 million. Approximately 26.9 percent, or \$196.8 million, of the current year amount constitutes unassigned fund balance. The remainder of fund balance is either nonspendable, restricted, or committed to indicate that it is not available for new spending.

Revenues for governmental functions totaled \$740.7 million in fiscal year 2024, an increase of 5.2 percent, or \$36.9 million, from the previous year total of \$703.8 million. In fiscal year 2024, expenditures for governmental functions totaled \$734.7 million, an increase of 12.9 percent, or \$84.1 million, from the fiscal year 2023 total of \$650.6 million. For the current fiscal year, revenues exceeded expenditures for governmental functions by \$6.0 million. This was mainly due to increases from the change in fair market value of investments \$18.0 million more than the prior year, \$16.6 million in state shared revenue increases, and \$11.4 million in interest earnings this fiscal year. The additional revenues were offset by additional General CIP construction project fund expenditures and increased Public Safety Division operating expenditures. The governmental funds also recognized \$10.6 million of expenditures under Other General Government for the Maricopa County Qasimyar Settlement.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The General Fund is the chief operating fund of the city. At the end of fiscal year 2024, the unassigned fund balance of the General Fund was \$246.4 million, while the total fund balance was \$247.0 million; the unassigned and total fund balances for the General Fund at the end of fiscal year 2023 were \$226.5 million and \$227.0 million, respectively. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 65.5 percent of the total General Fund expenditures of \$376.4 million in fiscal year 2024 and represented 69.5 percent of the total General Fund expenditures of \$326.1 million in fiscal year 2023. Total fund balance represented 65.6 percent and 69.6 percent of total fund expenditures for fiscal years 2024 and 2023, respectively.

Overall, the General Fund's performance resulted in revenue and other financing sources exceeding expenditures and other financing uses in the fiscal year ended June 30, 2024, by \$20.0 million. Total revenues increased \$48.0 million, or 11.8 percent compared to the prior year while expenditures increased \$50.3 million or 15.4 percent. Significant reasons for the increase in revenues were the additional state shared revenues over the prior year and the change in fair market value of investments. Significant reasons for increases in expenditures were attributed to personnel related costs and capital related expenditures.

Key General Fund revenues showing an increase over the prior year included \$18.4 million in state revenue sharing, \$18.0 million for the increase in the fair market value of assets, and \$7.7 million for interest earnings. The significant increase for the state shared revenues increased is due to the state distributing an additional three percent to the Arizona cities in fiscal year 2024 and from higher state tax collections which is based on the two prior fiscal year collections. The increases in the fair value of investments is due to market fluctuations and interest earnings have increased due to higher interest rates on city investments and from higher invested balances. The most significant reduction was for privilege tax of \$6.7 million in fiscal year 2024 compared to the prior year. The reason for the reduction was due to the Super Bowl related activities in 2023 generating additional one-time tax revenues.

The Public Safety Division experienced the largest increase in General Fund expenditures, 14.1 percent, or \$25.0 million, primarily due from increases in personnel expenditures resulting from the two percent market adjustment the city provided effective this fiscal year, and up to five percent pay for performance program, and the associated retirement costs. The Administrative Services Division experienced a 33.6 percent increase or \$5.8 million partially from a reorganization moving the city's Governmental Relations and Diversity Departments from the City Manager's Division. In relation to the reorganization, the City Manager's Division experienced a decrease of 63.7 percent or \$3.2 million. The Other General Government Division was created this fiscal year to account for the Maricopa County Qasimyar Settlement which included \$4.9 million in expenditures in the General Fund. As a result of an increase in revenues and other financing sources exceeding expenditures and other financing uses, the fund balance for the city's General Fund increased in fiscal year 2024 by \$20.0 million.

The General Obligation Bond Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation debt principal, interest, and related costs. At the end of the current fiscal year, the fund balance of the General Obligation Bond Debt Service Fund was \$0.1 million, a decrease of \$7.2 million from the \$7.3 million balance from the prior year. The decrease in fund balance was due to increases in debt services payments not being fully offset by property taxes, resulting in the utilization of the excess fund balance. Additionally, the city recognized \$5.1 million in expenditures related to the Maricopa County Qasimyar Settlement. The settlement amounts are expected to be recovered through additional secondary property taxes restricted for debt service in fiscal year 2025.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

The General CIP Construction Capital Projects Fund is used to account for the resources used to acquire, construct, and improve major capital facilities from amounts transferred from the city's General Fund. This fund also represents other City Council approved capital programs including transfers for tourism-related capital projects, in-lieu parking, and in-lieu stormwater. At the end of the current fiscal year, the fund balance of the General CIP Construction Capital Projects fund was \$178.0 million, an increase of \$31.3 million from the \$146.7 million from the prior fiscal year, primarily from cash transfers in of \$93.6 million primarily from the General Fund resulting from increases in construction sales tax and interest income as required by the city's comprehensive financial policies and from amounts budgeted for capital projects.

The Transportation Capital Projects Fund is used to account for the portion of the transportation privilege (sales) tax dedicated to transportation capital improvements. At the end of the current fiscal year, the fund balance was \$113.6 million, an increase of \$18.2 million from the \$95.4 million balance from the prior year. The increase in fund balance was primarily due to increased cash transfers in from the transportation tax in accordance with the city's comprehensive financial policies.

The External Sources Capital Projects Fund is used to account for funds received from a variety of external sources including federal and state grants, as well as contributions restricted or committed for capital projects. At the end of the current fiscal year, the fund balance was a deficit of \$32.4 million, a decrease of \$16.2 million from the deficit balance of \$16.2 million from the prior year. The decrease in fund balance was due to timing differences for grant and intergovernmental reimbursements that are expected to be received in the next fiscal year.

Proprietary Funds. The city's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the fiscal years 2024 and 2023, the unrestricted net position for the Water and Sewer Utility Fund was \$291.0 million and \$256.6 million, respectively; the Airport Fund was \$5.2 million and \$18.5 million, respectively; and the Solid Waste Fund was \$6.7 million and \$3.3 million, respectively. The Internal Service Funds, which are used to account for certain governmental activities, had an unrestricted net position of \$52.0 million and \$45.1 million, respectively.

The total growth in net position for the enterprise funds was \$70.4 million and \$23.9 million for fiscal years 2024 and 2023, respectively. Factors concerning the finances of these funds have been addressed previously in the discussion of the city's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The city adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget and can be found on page 44 of this report.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

General Fund revenues on a budgetary basis were \$21.2 million more than projected for fiscal year 2024. The variance in revenues was primarily due to the city receiving more in transaction privilege tax, interest earnings, and light and power franchise fees than budgeted. The privilege tax was the most significant increase, consisting of \$10.2 million more revenues received than projected as the city continued to see increases in consumer spending. Expenditures of \$357.5 million were \$3.9 million less than budgeted expenditures of \$361.4 million. The largest positive expenditure variances occurred in the Community and Economic Development and Public Works Divisions. These divisions experienced savings from timing of operational projects that will be carried over to fiscal year 2025.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The city's total capital assets for its governmental and business-type activities as of June 30, 2024 and 2023 were \$6.60 billion and \$6.37 billion, respectively (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings and improvements, streets and storm drains, water and sewer systems, water rights, vehicles, machinery and equipment, subscription-based information technology arrangements, furniture and fixtures, public-public partnerships, and construction in progress. The total increase in the city's capital assets (net of accumulated depreciation/amortization) between fiscal years 2024 and 2023 was \$227.1 million or 3.6 percent.

Capital Assets, Net of Depreciation/Amortization

June 30, 2024 and 2023 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	*2023	2024	*2023	2024	*2023
Land	\$ 3,498,381	\$ 3,451,209	\$ 52,781	\$ 52,781	\$ 3,551,162	\$ 3,503,990
Buildings and Land Improvements	445,827	452,951	97,202	100,282	543,029	553,233
Streets and Storm Drains	680,043	681,142	-	-	680,043	681,142
Machinery and Equipment	50,093	38,184	4,947	4,762	55,040	42,946
Water Rights	-	-	87,171	87,171	87,171	87,171
Water System	-	-	815,178	799,331	815,178	799,331
Sewer System	-	-	404,067	390,120	404,067	390,120
Motor Vehicles	44,860	43,021	-	257	44,860	43,278
Furniture, Fixtures, and Office Equipment	-	-	523	746	523	746
Construction in Progress	229,048	142,756	100,385	68,889	329,433	211,645
Subscription-Based I.T. Arrangements	12,866	5,377	99	160	12,965	5,537
Public-Public Partnership Assets	78,496	55,692	-	-	78,496	55,692
Total	\$ 5,039,614	\$ 4,870,332	\$ 1,562,353	\$ 1,504,499	\$ 6,601,967	\$ 6,374,831

* Restated for the implementation of GASB Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*.

Significant capital asset events during fiscal year 2024 included the following:

- Land:
 - \$46.4 million for land donated by developers that coincides with public street improvements for finalized permits.
- Buildings and Land Improvements:
 - \$1.5 million Civic Center Renovation
 - \$1.5 million Scottsdale Stadium Event Plaza Deck

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

- Streets:
 - \$31.1 million for public street improvements donated by developers
 - \$11.9 million for pavement overlay program
- Water System:
 - \$19.5 million for water distribution system improvements
 - \$19.2 million for developer contributions of waterline infrastructure assets
 - \$4.9 million for booster station replacement
- Sewer System:
 - \$17.1 million for developer contributions of sewer line infrastructure assets
 - \$6.6 million for wastewater system improvements
 - \$6.3 million for Crossroads East sewer improvements
- Public-Public Partnership
 - \$29.2 million for completed sports fields and fiber optic infrastructure assets
- Vehicles:
 - \$1.6 million for ambulances
 - \$1.1 million for water/sewer service vehicles

As of June 30, 2024, the city has construction commitments of \$166.1 million for current projects. Additional information on the city's capital assets can be found in Note IV.D. on page 91-94 of this report.

Long-term Debt. At the end of the fiscal years 2024 and 2023, the city had total long-term liabilities of \$1.24 billion and \$1.35 billion, respectively. Of these amounts, \$359.1 million and \$419.6 million, for fiscal years 2024 and 2023, respectively, are general obligation bonds backed by the full faith and credit of the city. The remainder includes Municipal Property Corporation bonds, net pension liabilities, and other obligations of \$878.7 million and \$926.1 million for fiscal years 2024 and 2023, respectively.

The State Constitution imposes debt limitations on the city equal to 6 percent and 20 percent of the assessed valuation of properties within the city. The city's available debt margin at June 30, 2024 and 2023 was \$675.1 million and \$542.9 million, respectively, in the 6 percent capacity and \$1.92 billion and \$1.41 billion, respectively, in the 20 percent capacity. Additional information on the debt limitations and capacities may be found in Section IV.I. of the Notes to the Financial Statements and in Tables XVIa and XVIIb in the Statistical Section of this report.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Long-term Liabilities

June 30, 2024 and 2023 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 359,110	\$ 419,615	\$ -	\$ -	\$ 359,110	\$ 419,615
Municipal Property Corporation Bonds	153,515	167,450	204,540	226,540	358,055	393,990
Community Facilities Districts						
General Obligation Bonds - Direct Placements	5,273	6,583	-	-	5,273	6,583
Issuance Premiums	24,563	28,683	13,765	15,891	38,328	44,574
Total Bonds Payable	<u>542,461</u>	<u>622,331</u>	<u>218,305</u>	<u>242,431</u>	<u>760,766</u>	<u>864,762</u>
Contracts Payable - Direct Borrowings	1,786	1,083	-	-	1,786	1,083
Leases	3,997	2,947	116	96	4,113	3,043
Public-Public Partnerships	4,368	4,620	-	-	4,368	4,620
Subscriptions	9,811	4,363	84	144	9,895	4,507
Risk Management Claims	20,958	21,145	-	-	20,958	21,145
Compensated Absences	33,266	33,145	4,399	4,563	37,665	37,708
Total Other Postemployment Benefit Liability	863	699	-	-	863	699
Net Pension Liabilities	318,881	327,796	33,279	34,729	352,160	362,525
Pollution Remediation Obligation	-	-	45,186	45,599	45,186	45,599
Total Long-term Liabilities	<u>\$ 936,391</u>	<u>\$ 1,018,129</u>	<u>\$ 301,369</u>	<u>\$ 327,562</u>	<u>\$ 1,237,760</u>	<u>\$ 1,345,691</u>

During fiscal year 2024, the city's total long-term liabilities decreased overall by \$107.9 million due to principal payments made on the city's bonds.

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the city's proportionate share of the unfunded pension liabilities for pension plans in which it participates is included in the outstanding long-term liabilities. The city's net pension liabilities at the end of fiscal years 2024 and 2023 were \$352.2 million and \$362.5 million, respectively. The decrease was due to actuarial gains from investments income and from an additional contribution to the Public Safety Personnel Retirement System plan. Additional information on the city's pensions can be found starting on page 114.

Additional information on the city's long-term liabilities can be found in Section IV.I. of the Notes to the Financial Statements on pages 100-110 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The strength of the city's economy continued to show resiliency in the current fiscal year, which was driven by consumer spending and tourism-related activity. The overall budget forecast for next fiscal year includes modest increases in forecasted revenue primarily due to interest earnings, new ambulance services, and minor increases in projected in sales tax, with reductions anticipated of state shared revenues from changes in the state's income tax rate model. In June 2024, the City Council approved a \$2.29 billion budget, which is a \$0.24 billion decrease from the prior year budget of \$2.53 billion. The adopted fiscal year 2025 budget includes \$1.20 billion for general operations, grants, operating contingencies/reserves, and \$1.09 billion for capital improvements/capital contingencies.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the city's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Scottsdale City Treasurer's Office, 7447 East Indian School Road, Suite 210, Scottsdale, AZ 85251, or visit our website at: <https://www.scottsdaleaz.gov/finance>.

Basic Financial Statements

Statement of Net Position

June 30, 2024 (in thousands)

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and Investments	\$ 841,861	\$ 254,230	\$ 1,096,091
Receivables (net of allowance for uncollectibles)			
Property and Other Local Taxes	47,009	37	47,046
Charges for Services	-	26,240	26,240
Fines	10,249	-	10,249
Intergovernmental and Grants	70,396	1,777	72,173
Interest	5,446	2,337	7,783
Leases	33,707	15,831	49,538
Public-Private Partnerships	-	9,347	9,347
Other	11,501	3,253	14,754
Internal Balances	(8,211)	8,211	-
Supplies Inventory	1,982	-	1,982
Prepaid Items	6	2,264	2,270
Prepayments	23,596	-	23,596
Pollution Remediation Recoveries	-	45,186	45,186
Restricted Assets			
Cash with Fiscal Agent	84,481	26,128	110,609
Customer Advances and Deposits	-	1,845	1,845
Joint Venture Construction Deposits	-	4,907	4,907
Advanced Construction Payments	-	2,494	2,494
Advanced Lease Payments	-	767	767
Equity in Joint Ventures	2,837	63,431	66,268
Capital Assets Not Being Depreciated/Amortized			
Land, Water Rights, and Construction in Progress	3,727,429	240,337	3,967,766
Capital Assets, Net of Accumulated Depreciation/Amortization			
Facilities, Infrastructure, and Equipment	1,312,185	1,322,016	2,634,201
Total Assets	<u>6,164,474</u>	<u>2,030,638</u>	<u>8,195,112</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refundings	13,660	10,335	23,995
Pension-Related Amounts	111,901	4,571	116,472
OPEB-Related Amounts	490	-	490
Total Deferred Outflows of Resources	<u>\$ 126,051</u>	<u>\$ 14,906</u>	<u>\$ 140,957</u>

(continued)

Statement of Net Position

June 30, 2024 (in thousands)

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts Payable	\$ 49,361	\$ 27,227	\$ 76,588
Accrued Payroll and Benefits	12,456	1,654	14,110
Accrued Compensated Absences	78	3	81
Interest Payable	8,605	4,128	12,733
Matured Bonds, Loans, and Other Payables	75,750	22,000	97,750
Due to Other Governments	15,466	-	15,466
Unearned Revenue	9,780	-	9,780
Liabilities Payable from Restricted Assets			
Advanced Construction Payments	-	2,494	2,494
Advanced Lease Payments	-	767	767
Customer Advances & Deposits	8,152	1,845	9,997
Other Liabilities	2,694	-	2,694
Noncurrent Liabilities			
Due Within One Year			
Accrued Compensated Absences	16,222	2,197	18,419
Bonds, Loans, and Other Payables	85,696	17,524	103,220
Due in More Than One Year			
Accrued Compensated Absences	17,044	2,202	19,246
Total Other Postemployment Benefit Liability	863	-	863
Net Pension Liabilities	318,881	33,279	352,160
Bonds, Loans, and Other Payables	497,685	200,981	698,666
Pollution Remediation Obligation	-	45,186	45,186
Total Noncurrent Liabilities	<u>936,391</u>	<u>301,369</u>	<u>1,237,760</u>
Total Liabilities	<u>1,118,733</u>	<u>361,487</u>	<u>1,480,220</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	31,969	14,735	46,704
Pension-Related Amounts	13,111	2,099	15,210
Public-Private Partnerships	2,416	34,712	37,128
OPEB-Related Amounts	1,903	-	1,903
Total Deferred Inflows of Resources	<u>49,399</u>	<u>51,546</u>	<u>100,945</u>
NET POSITION			
Net Investment in Capital Assets	4,468,449	1,316,476	5,784,925
Restricted			
Debt Service	3,275	-	3,275
Transportation and Preserve Privilege Tax Activities	178,264	-	178,264
Capital Projects	132,532	-	132,532
Grants	3,003	-	3,003
Special Programs	19,579	-	19,579
Community Facilities Districts	24	-	24
Stadium Facility	5,734	-	5,734
Tourism Development	7,332	-	7,332
Endowments			
Expendable	28	-	28
Nonexpendable	644	-	644
Joint Venture Construction Deposits	-	4,907	4,907
Unrestricted	<u>303,529</u>	<u>311,128</u>	<u>614,657</u>
Total Net Position	<u>\$ 5,122,393</u>	<u>\$ 1,632,511</u>	<u>\$ 6,754,904</u>

The notes to the financial statements are an integral part of this statement.

Statement of Activities

For the Fiscal Year Ended June 30, 2024 (in thousands)

FUNCTIONS/PROGRAMS	Program Revenues						Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities							
General Government							
Mayor and City Council	\$ 1,027	\$ 70	\$ -	\$ -	\$ (957)	\$ -	\$ (957)
City Clerk	968	66	-	-	(902)	-	(902)
City Attorney	8,059	1,514	-	-	(6,545)	-	(6,545)
City Auditor	1,046	145	57	-	(844)	-	(844)
City Court	7,357	-	5	-	(7,352)	-	(7,352)
City Manager	2,035	1,198	4	-	(833)	-	(833)
City Treasurer	11,683	7,436	15	-	(4,232)	-	(4,232)
Other General Government	10,567	-	-	-	(10,567)	-	(10,567)
Public Works	115,686	67	19,097	116,194	19,672	-	19,672
Community and Economic Development	51,851	21,993	2,982	17	(26,859)	-	(26,859)
Public Safety	206,102	14,002	10,612	140	(181,348)	-	(181,348)
Community Services	87,734	18,302	22,527	377	(46,528)	-	(46,528)
Administrative Services	34,605	2,498	1,409	-	(30,698)	-	(30,698)
Scottsdale AZ CARES	117	-	-	-	(117)	-	(117)
Streetlight and Services Districts	533	489	-	-	(44)	-	(44)
Interest on Long-Term Debt	16,029	-	-	-	(16,029)	-	(16,029)
Total Governmental Activities	555,399	67,780	56,708	116,728	(314,183)	-	(314,183)
Business-type Activities							
Water Utility	124,386	151,260	-	23,463	-	50,337	50,337
Sewer Utility	58,401	50,924	-	18,411	-	10,934	10,934
Airport	9,685	10,905	-	1,767	-	2,987	2,987
Solid Waste	29,176	33,738	-	-	-	4,562	4,562
Total Business-type Activities	221,648	246,827	-	43,641	-	68,820	68,820
Total Government	\$ 777,047	\$ 314,607	\$ 56,708	\$ 160,369	(314,183)	68,820	(245,363)
General Revenues							
Taxes							
Property Taxes					75,748	-	75,748
Sales and Use Taxes					341,511	233	341,744
Franchise Taxes					14,539	-	14,539
Intergovernmental - Unrestricted							
State Shared Sales					36,693	-	36,693
State Revenue Sharing					64,406	-	64,406
Other					21,142	-	21,142
Interest and Investment Income					40,323	13,148	53,471
Other Revenue					16,697	-	16,697
Transfers					9,652	(9,652)	-
Total General Revenues and Transfers					620,711	3,729	624,440
Change in Net Position					306,528	7,549	379,077
Net Position -Beginning					4,812,135	1,559,591	6,371,726
Aggregate amount of adjustments to and restatements of beginning of net position					3,730	371	4,101
Net Position Beginning - as restated*					4,815,865	1,559,962	6,375,827
Net Position - Ending					\$ 5,122,393	\$ 1,632,511	\$ 6,754,904

*Restated the Governmental and Business-Type Activities Net Position due to implementation of GASB Implementation of Guide 2021-1: *Implementation Guidance Update—2020*

Balance Sheet

Governmental Funds

June 30, 2024 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Investments	\$ 216,948	\$ 4,674	\$ 187,610	\$ 120,408	\$ -	\$ 231,226	\$ 760,866
Cash with Fiscal Agent	-	66,605	-	-	-	17,876	84,481
Receivable (net of allowance for uncollectibles)							
Interest	3,364	-	-	329	1	1,752	5,446
Privilege Tax	23,493	-	-	2,106	-	11,412	37,011
Transient Occupancy Tax	-	-	-	-	-	2,307	2,307
Property Tax	1,345	1,237	-	-	-	51	2,633
State Shared Sales Tax	1,152	-	-	-	-	-	1,152
Franchise Fee	3,339	-	-	-	-	90	3,429
Court	9,963	-	-	-	-	286	10,249
Highway User Tax	-	-	-	-	-	1,911	1,911
Auto Lieu Tax	477	-	-	-	-	-	477
Intergovernmental	-	-	4,724	15,814	33,299	11,190	65,027
Grants	-	-	-	-	1,201	2,257	3,458
Leases	33,651	-	-	-	-	56	33,707
Miscellaneous	6,370	-	75	-	300	4,119	10,864
Due from Other Funds	32,453	-	-	-	-	-	32,453
Supplies Inventory	570	-	-	-	-	-	570
Total Assets	<u>\$ 333,125</u>	<u>\$ 72,516</u>	<u>\$ 192,409</u>	<u>\$ 138,657</u>	<u>\$ 34,801</u>	<u>\$ 284,533</u>	<u>\$ 1,056,041</u>

(continued)

Balance Sheet

Governmental Funds

June 30, 2024 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts Payable	\$ 11,030	\$ -	\$ 9,617	\$ 8,867	\$ 3,251	\$ 10,820	\$ 43,585
Accrued Payroll and Benefits	11,485	-	22	29	5	713	12,254
Due to Other Funds	-	-	-	-	30,958	1,495	32,453
Matured Bond Interest Payable	-	6,100	-	-	-	2,505	8,605
Matured Bonds Payable	-	60,505	-	-	-	15,245	75,750
Unearned Revenue							
Intergovernmental	-	-	-	-	773	6,691	7,464
Other	1,897	-	3	-	-	403	2,303
Due to Other Governments	9,266	5,059	-	-	-	1,141	15,466
Guaranty and Other Deposits	8,147	-	-	-	-	5	8,152
Other	2,628	-	-	-	-	66	2,694
Total Liabilities	<u>44,453</u>	<u>71,664</u>	<u>9,642</u>	<u>8,896</u>	<u>34,987</u>	<u>39,084</u>	<u>208,726</u>
Deferred Inflows of Resources							
Unavailable Revenues	11,928	747	4,799	16,203	32,231	18,320	84,228
Leases	29,742	-	-	-	-	2,227	31,969
Total Deferred Inflows of Resources	<u>41,670</u>	<u>747</u>	<u>4,799</u>	<u>16,203</u>	<u>32,231</u>	<u>20,547</u>	<u>116,197</u>
Total Liabilities and Deferred Inflows of Resources	<u>86,123</u>	<u>72,411</u>	<u>14,441</u>	<u>25,099</u>	<u>67,218</u>	<u>59,631</u>	<u>324,923</u>
Fund Balances (Deficits)							
Nonspendable	570	-	-	-	-	644	1,214
Restricted	-	105	-	113,558	2,471	212,150	328,284
Committed	-	-	177,968	-	60	26,833	204,861
Unassigned	246,432	-	-	-	(34,948)	(14,725)	196,759
Total Fund Balances (Deficits)	<u>247,002</u>	<u>105</u>	<u>177,968</u>	<u>113,558</u>	<u>(32,417)</u>	<u>224,902</u>	<u>731,118</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 333,125</u>	<u>\$ 72,516</u>	<u>\$ 192,409</u>	<u>\$ 138,657</u>	<u>\$ 34,801</u>	<u>\$ 284,533</u>	<u>\$ 1,056,041</u>

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2024 (in thousands)

Fund Balances - Total Governmental Funds	\$ 731,118
Amounts reported for governmental activities in the statement of net position are different because (see Note II. A. for the detailed reconciliation):	
Capital assets used in governmental activities are not financial resources; therefore, are not reported in the funds.	4,876,351
Equity in joint venture is not a financial resource; therefore, is not reported in the funds.	2,833
Prepayments, public-public partnerships, leases, and subscription-based information technology arrangements are not financial resources; therefore, are not reported in the funds.	118,600
Deferred outflows relating to deferred amounts on refundings, pensions, and other postemployment benefits are not financial resources; therefore, are not reported in the funds.	125,323
Long-term liabilities, including bonds payable, are not due and payable in the current period; therefore, are not reported in the funds.	(909,469)
Deferred inflows relating to pensions, other postemployment benefits, and public-private partnerships represent a future acquisition of net position that is not reported in the funds. Also, because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by unavailable revenue in the funds.	67,137
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, computer equipment, and vehicles to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the statement of net position.	<u>110,500</u>
Net Position of Governmental Activities	<u><u>\$ 5,122,393</u></u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes - Local							
Property	\$ 36,530	\$ 35,119	\$ -	\$ -	\$ -	\$ 1,565	\$ 73,214
Transaction Privilege	192,691	-	-	17,266	-	94,063	304,020
Transient Occupancy	-	-	-	-	-	34,597	34,597
Light and Power Franchise	10,742	-	-	-	-	439	11,181
Cable TV Franchise	3,358	-	-	-	-	-	3,358
Salt River Project In-Lieu	233	-	-	-	-	-	233
Other Taxes	965	-	-	-	-	6,671	7,636
Taxes - Intergovernmental							
State Shared Sales	36,693	-	-	-	-	-	36,693
State Revenue Sharing	64,406	-	-	-	-	-	64,406
Auto Lieu Tax	12,580	-	-	-	-	-	12,580
Highway User Tax	-	-	-	-	-	18,743	18,743
Local Transportation Assistance Fund	-	-	-	-	-	610	610
Business and Liquor Licenses	2,700	-	-	-	-	46	2,746
Charges for Current Services							
Building and Related Permits	21,717	-	217	-	-	152	22,086
Recreation Fees	5,723	-	-	-	-	3,721	9,444
WestWorld Equestrian Facility Fees	5,306	-	-	-	-	1,431	6,737
Fire Fees	2,909	-	-	-	-	-	2,909
Fines, Fees, and Forfeitures							
Court	3,872	-	-	-	-	128	4,000
Parking	249	-	-	-	-	-	249
Photo Radar	2,979	-	-	-	-	-	2,979
Court Enhancement	-	-	-	-	-	1,705	1,705
Library	47	-	-	-	-	95	142
Police	-	-	-	-	-	90	90
Opioid Settlements	-	-	-	-	-	1,454	1,454
Property Rental	6,566	-	-	-	-	5,318	11,884
Interest Earnings	15,715	1	124	1,171	3	8,442	25,456
Net Increase in the Fair Value of Investments	14,457	-	-	-	-	410	14,867
Intergovernmental							
Federal Grants	-	-	-	-	1,468	13,850	15,318
State Grants	-	-	-	-	-	1,653	1,653
Miscellaneous	4,832	-	-	-	22,818	3,602	31,252
Developer Contributions	-	-	50	-	456	2,972	3,478
Streetlight and Services Districts	-	-	-	-	-	489	489
Contributions and Donations	1	-	-	-	-	2,429	2,430
Reimbursements from Outside Sources	1,413	-	1	95	7	999	2,515
Indirect Costs	8,313	-	-	-	-	-	8,313
Other	1,181	-	-	2	-	78	1,261
Total Revenues	\$ 456,178	\$ 35,120	\$ 392	\$ 18,534	\$ 24,752	\$ 205,752	\$ 740,728

(continued)

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
EXPENDITURES							
Current							
General Government							
Mayor and City Council	\$ 1,034	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1,035
City Clerk	972	-	-	-	-	-	972
City Attorney	8,052	-	-	-	-	-	8,052
City Auditor	1,063	-	-	-	-	-	1,063
City Court	5,572	-	-	-	-	1,758	7,330
City Manager	1,812	-	-	-	-	-	1,812
City Treasurer	11,297	-	149	-	-	112	11,558
Other General Government	4,861	5,059	-	-	-	647	10,567
Public Works	26,004	-	689	818	-	25,429	52,940
Community and Economic Development	23,968	-	-	-	-	22,853	46,821
Public Safety	203,000	-	2,038	-	-	4,797	209,835
Community Services	47,965	-	2	-	-	20,478	68,445
Administrative Services	23,046	-	3,289	139	16	1,060	27,550
Streetlight and Services Districts	-	-	-	-	-	533	533
Debt Service							
Principal	3,507	60,505	-	-	-	17,435	81,447
Interest and Fiscal Charges	422	12,206	-	-	-	5,112	17,740
Capital Outlay	13,811	-	54,901	34,559	39,966	43,805	187,042
Total Expenditures	<u>376,386</u>	<u>77,770</u>	<u>61,068</u>	<u>35,516</u>	<u>39,982</u>	<u>144,020</u>	<u>734,742</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>79,792</u>	<u>(42,650)</u>	<u>(60,676)</u>	<u>(16,982)</u>	<u>(15,230)</u>	<u>61,732</u>	<u>5,986</u>
OTHER FINANCING SOURCES (USES)							
Transfers In	17,957	35,464	93,623	35,189	20	22,502	204,755
Transfers Out	(89,108)	-	(1,719)	-	(1,000)	(103,315)	(195,142)
Financing of Leases	1,404	-	-	-	-	574	1,978
Financing of Subscription-Based I.T. Arrangements	9,269	-	-	-	-	2,675	11,944
Financing of Contracts Payable	-	-	-	-	-	1,876	1,876
Sale of General Capital Assets	693	-	-	-	-	(100)	593
Total Other Financing Sources (Uses)	<u>(59,785)</u>	<u>35,464</u>	<u>91,904</u>	<u>35,189</u>	<u>(980)</u>	<u>(75,788)</u>	<u>26,004</u>
Net Change in Fund Balances	20,007	(7,186)	31,228	18,207	(16,210)	(14,056)	31,990
Fund Balances (Deficits) - Beginning	226,995	7,291	146,740	95,351	(16,207)	238,958	699,128
Fund Balances (Deficits) - Ending	<u>\$ 247,002</u>	<u>\$ 105</u>	<u>\$ 177,968</u>	<u>\$ 113,558</u>	<u>\$ (32,417)</u>	<u>\$ 224,902</u>	<u>\$ 731,118</u>

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2024 (in thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ 31,990
Amounts reported for governmental activities in the statement of activities are different because (see Note II. B. for the detailed reconciliation):	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	98,416
Donations of capital assets are not capitalized on the governmental fund statements, but are shown in the statement of activities.	77,959
Amortization of deferred inflows of resources related to capital assets acquired by the city as a result of public-private partnerships are not shown in the governmental fund statements. On the statement of activities it is recorded as revenue.	87
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(60,448)
Current-year pension and other postemployment benefit contributions are reclassified from expenditures in the governmental funds to deferred outflows of resources in the government-wide statements.	53,182
Current-year joint venture contributions are reclassified from expenditures in the governmental funds to an increase in the investment in the joint venture in the government-wide statements.	334
The State Treasurer distributes funding directly to the Public Safety Personnel Retirement System that is used to offset the contribution required to be made by the city. The fund financial statements recognize the current year contribution; however, the government-wide statements recognize the prior year contribution.	(470)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	26,631
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds; however, neither transaction has any effect on net position. This is the amount by which principal retirement exceeded debt proceeds in the current period.	65,649
Additional interest accretion calculated on bonds and notes payable and amortization of bond premium and deferred amounts on refundings.	1,711
When lease assets, subscription-based information technology arrangement assets (SBITAs), and public-public partnerships (PPPs) assets are retired, a loss is recognized on the statement of activities.	(3,155)
When subscription-based information technology arrangement (SBITA) assets are retired from tangible assets, an expense is recognized on the statement of activities.	(179)
When lease, subscription-based information technology arrangement (SBITA), and contract payable liabilities are retired, a gain is recognized on the statement of activities.	3,051
The change in net position of the Internal Service Funds is attributed to governmental activities.	11,770
Change in Net Position of Governmental Activities	<u>\$ 306,528</u>

The notes to the financial statements are an integral part of this statement.

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

REVENUES	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
Taxes - Local						
Property	\$ 37,178	\$ 37,178	\$ 36,530	\$ -	\$ 36,530	\$ (648)
Transaction Privilege	182,488	182,488	192,691	-	192,691	10,203
Light and Power Franchise	9,107	9,107	10,742	-	10,742	1,635
Cable TV Franchise	3,700	3,700	3,358	-	3,358	(342)
Salt River Project In-Lieu	200	200	233	-	233	33
Other Taxes	960	960	965	-	965	5
Taxes - Intergovernmental						
State Shared Sales	36,544	36,544	36,693	-	36,693	149
State Revenue Sharing	65,098	65,098	64,406	-	64,406	(692)
Auto Lieu Tax	12,436	12,436	12,580	-	12,580	144
Business and Liquor Licenses	2,802	2,802	2,700	-	2,700	(102)
Charges for Current Services						
Building and Related Permits	20,401	20,401	21,717	-	21,717	1,316
Recreation Fees	5,205	5,205	5,723	-	5,723	518
WestWorld Equestrian Facility Fees	5,313	5,313	5,306	-	5,306	(7)
Fire Fees	2,737	2,737	2,909	-	2,909	172
Fines, Fees, and Forfeitures						
Court	3,428	3,428	3,872	-	3,872	444
Parking	264	264	249	-	249	(15)
Photo Radar	2,641	2,641	2,979	-	2,979	338
Library	27	27	47	-	47	20
Property Rental	6,044	6,044	6,689	(123)	6,566	645
Interest Earnings	8,218	8,218	14,394	1,321	15,715	6,176
Net Increase in the Fair Value of Investments	-	-	-	14,457	14,457	-
Intergovernmental						
Miscellaneous	4,169	4,169	4,832	-	4,832	663
Contributions and Donations	-	-	1	-	1	1
Reimbursements from Outside Sources	1,197	1,197	1,413	-	1,413	216
Indirect Costs	8,216	8,216	8,313	-	8,313	97
Other	424	424	690	491	1,181	266
Total Revenues	\$ 418,797	\$ 418,797	\$ 440,032	\$ 16,146	\$ 456,178	\$ 21,235

(continued)

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

EXPENDITURES	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
Current						
General Government						
Mayor and City Council	\$ 1,113	\$ 1,088	\$ 1,022	\$ 12	\$ 1,034	\$ 66
City Clerk	1,104	1,122	974	(2)	972	148
City Attorney	8,589	8,633	8,000	52	8,052	633
City Auditor	1,313	1,307	1,065	(2)	1,063	242
City Court	5,656	5,530	5,523	49	5,572	7
City Manager	2,229	1,816	1,768	44	1,812	48
City Treasurer	12,585	11,670	11,664	(367)	11,297	6
Other General Government	-	-	-	4,861	4,861	-
Public Works	28,329	26,870	26,158	(154)	26,004	712
Community and Economic Development	26,456	25,239	23,871	97	23,968	1,368
Public Safety	209,070	203,512	203,069	(69)	203,000	443
Community Services	50,822	48,716	48,535	(570)	47,965	181
Administrative Services	27,694	25,463	25,456	(2,410)	23,046	7
Debt Service						
Principal	168	168	252	3,255	3,507	(84)
Interest and Fiscal Charges	284	284	185	237	422	99
Capital Outlay	-	-	-	13,811	13,811	-
Total Expenditures	<u>375,412</u>	<u>361,418</u>	<u>357,542</u>	<u>18,844</u>	<u>376,386</u>	<u>3,876</u>
Excess of Revenues over Expenditures	<u>43,385</u>	<u>57,379</u>	<u>82,490</u>	<u>(2,698)</u>	<u>79,792</u>	<u>25,111</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	17,152	17,152	17,957	-	17,957	805
Transfers Out	(81,018)	(81,018)	(89,108)	-	(89,108)	(8,090)
Financing of Leases	-	-	-	1,404	1,404	-
Financing of Subscription-Based I.T. Arrangements	-	-	-	9,269	9,269	-
Sale of General Capital Assets	150	150	328	365	693	178
Total Other Financing Sources (Uses)	<u>(63,716)</u>	<u>(63,716)</u>	<u>(70,823)</u>	<u>11,038</u>	<u>(59,785)</u>	<u>(7,107)</u>
Net Change in Fund Balances	<u>\$ (20,331)</u>	<u>\$ (6,337)</u>	<u>\$ 11,667</u>	<u>\$ 8,340</u>	<u>\$ 20,007</u>	<u>\$ 18,004</u>

The notes to the financial statements are an integral part of this statement.

General Fund

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

Explanation of Differences:

Items recorded as revenues/other financing sources for GAAP purposes that are not recorded for budget purposes:

Amortized Lease Revenue	\$	(123)
Lease Interest Revenue		1,321
Net Increase in the Fair Value of Investments		14,457
In-Kind Revenue		491
Financing of Leases		1,404
Financing of Subscription-Based I.T. Arrangements		9,269
Gain on Lease Termination		365
Total Revenue/Other Financing Source Adjustments		<u>27,184</u>

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accrual and Compensated Absences		2,245
Non-Cash Operating Expenditures		1,015
Non-Cash Debt Service Expenditures		50
Non-Cash Capital Expenditures		10,673
Other General Government Maricopa County Qasimyar Settlement		4,861
Total Expenditure Adjustments		<u>18,844</u>

Net Increase in Fund Balance - Budget to GAAP \$ 8,340

Differences in Presentation between Budget and GAAP Basis:

The city records principal and interest payments related to the subscription-based information technology arrangements, contracts payable, and lease activity on a GAAP basis; however, for budget purposes, they are included in the associated division's expenditures. Additionally, the city records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes, they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

The notes to the financial statements are an integral part of this statement.

Statement of Fund Net Position

Proprietary Funds

June 30, 2024 (in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Assets					
Current Assets					
Cash and Investments	\$ 227,713	\$ 13,870	\$ 12,647	\$ 254,230	\$ 80,995
Receivables (net of allowance for uncollectibles)					
Privilege Tax	-	37	-	37	-
Charges for Services	22,140	436	3,664	26,240	-
Intergovernmental	200	12	-	212	-
Leases	-	1,401	-	1,401	-
Public-Private Partnerships	-	258	-	258	-
Interest	2,196	65	76	2,337	-
Miscellaneous	3,216	9	28	3,253	637
Supplies Inventory	-	-	-	-	1,412
Restricted Cash, Cash Equivalents, and Investments					
Cash with Fiscal Agent	24,773	1,355	-	26,128	-
Customer Advances and Deposits	1,426	419	-	1,845	-
Prepaid Items	2,175	26	63	2,264	6
Other Restricted Items					
Joint Venture Construction Deposits	4,907	-	-	4,907	-
Total Current Assets	288,746	17,888	16,478	323,112	83,050
Noncurrent Assets					
Lease Receivables	15	14,415	-	14,430	-
Intergovernmental Receivables	1,565	-	-	1,565	-
Public-Private Partnership Receivables	-	9,089	-	9,089	-
Equity in Joint Ventures	63,324	9	98	63,431	4
Pollution Remediation Recoveries	45,186	-	-	45,186	-
Restricted Cash, Cash Equivalents, and Investments					
Advanced Construction Payments	2,494	-	-	2,494	-
Advanced Lease Payments	-	767	-	767	-
Capital Assets					
Land	42,106	9,564	1,111	52,781	-
Water Rights	87,171	-	-	87,171	-
Water System	1,537,909	-	-	1,537,909	-
Sewer System	751,173	-	-	751,173	-
Buildings and Improvements	-	136,138	7,958	144,096	19,003
Motor Vehicles	-	628	-	628	110,152
Machinery and Equipment	7,548	773	1,139	9,460	6,566
Furniture and Fixtures	1,399	223	213	1,835	-
Construction in Progress	99,390	244	751	100,385	7,227
Leases	138	16	9	163	27
Subscription-Based I.T. Arrangements	151	-	6	157	512
Less Accumulated Depreciation/Amortization	(1,074,561)	(43,902)	(4,942)	(1,123,405)	(75,228)
Total Capital Assets (net of accumulated depreciation/amortization)	1,452,424	103,684	6,245	1,562,353	68,259
Total Noncurrent Assets	1,565,008	127,964	6,343	1,699,315	68,263
Total Assets	1,853,754	145,852	22,821	2,022,427	151,313
Deferred Outflows of Resources					
Deferred Amounts on Refundings	10,335	-	-	10,335	-
Pension-Related Amounts	3,199	199	1,173	4,571	728
Total Deferred Outflows of Resources	\$ 13,534	\$ 199	\$ 1,173	\$ 14,906	\$ 728

(continued)

Statement of Fund Net Position

Proprietary Funds

June 30, 2024 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities					
Current Liabilities					
Accounts Payable	\$ 26,280	\$ 105	\$ 842	\$ 27,227	\$ 5,776
Accrued Payroll and Benefits	1,140	58	456	1,654	280
Accrued Compensated Absences - Current	3	-	-	3	-
Accrued Compensated Absences - Due within one year	1,551	131	515	2,197	288
Unearned Revenue	-	-	-	-	13
Customer Advances and Deposits	1,426	419	-	1,845	-
Interest Payable	3,763	365	-	4,128	-
Matured Bonds and Other Payables	21,010	990	-	22,000	-
Bonds Payable and Other Payables - Due within one year	16,410	1,040	-	17,450	10,235
Leases - Due within one year	28	3	2	33	5
Subscription - Due within one year	39	-	2	41	115
Total Current Liabilities	71,650	3,111	1,817	76,578	16,712
Noncurrent Liabilities					
Accrued Compensated Absences - Due in more than one year	1,546	185	471	2,202	161
Advanced Construction Payments	2,494	-	-	2,494	-
Advanced Lease Payments	-	767	-	767	-
Net Pension Liabilities	23,049	1,540	8,690	33,279	5,378
Bonds, Loans, and Other Payables - Due in more than one year	183,208	17,647	-	200,855	10,723
Pollution Remediation Obligation	45,186	-	-	45,186	-
Leases - Due in more than one year	70	9	4	83	17
Subscription - Due in more than one year	41	-	2	43	-
Total Noncurrent Liabilities	255,594	20,148	9,167	284,909	16,279
Total Liabilities	327,244	23,259	10,984	361,487	32,991
Deferred Inflows of Resources					
Pension-Related Amounts	1,454	97	548	2,099	339
Leases	10	14,725	-	14,735	-
Public-Private Partnerships	-	34,712	-	34,712	-
Total Deferred Inflows of Resources	1,464	49,534	548	51,546	339
NET POSITION					
Net Investment in Capital Assets	1,242,646	68,050	5,780	1,316,476	66,677
Restricted for Joint Venture Construction Deposits	4,907	-	-	4,907	-
Unrestricted	291,027	5,208	6,682	302,917	52,034
Total Net Position	\$ 1,538,580	\$ 73,258	\$ 12,462	\$ 1,624,300	\$ 118,711

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Fund Net Position to the Statement of Net Position

June 30, 2024 (in thousands)

Total Enterprise Fund Net Position \$ 1,624,300

Amounts reported for business-type activities in the government-wide statement of net position are different because:

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, computer equipment, and motor vehicles to individual funds. A look-back adjustment applies to business-type activities and creates an internal balance.

8,211

Net Position of Business-type Activities

\$ 1,632,511

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges for Sales and Services					
Water Service Fees	\$ 128,451	\$ -	\$ -	\$ 128,451	\$ -
Sewer Service Fees	48,792	-	-	48,792	-
Proprietary - Non-potable water fees	16,440	-	-	16,440	-
Solid Waste Fees	-	-	33,731	33,731	-
Airport Fees	-	10,890	-	10,890	-
Other Services	-	-	-	-	84,825
Other	8,501	13	7	8,521	2,990
Total Operating Revenues	202,184	10,903	33,738	246,825	87,815
OPERATING EXPENSES					
Costs for Sales and Services					
Water Operations	73,101	-	-	73,101	-
Sewer Operations	35,130	-	-	35,130	-
Solid Waste Operations	-	-	28,610	28,610	-
Airport Operations	-	3,036	-	3,036	-
Other Services	-	-	-	-	68,024
Indirect Costs	5,883	644	1,786	8,313	-
Depreciation/Amortization	62,427	5,377	339	68,143	11,646
Total Operating Expenses	176,541	9,057	30,735	216,333	79,670
Operating Income	25,643	1,846	3,003	30,492	8,145
NON-OPERATING REVENUES (EXPENSES)					
Transaction Privilege Tax	-	233	-	233	-
Property Tax	-	-	-	-	2,202
Investment Income	12,089	553	506	13,148	-
Interest Expense	(6,687)	(649)	-	(7,336)	-
Gain (Loss) on Sale of Capital Assets	(139)	2	-	(137)	140
Net Non-Operating Revenue (Expenses)	5,263	139	506	5,908	2,342
Income Before Contributions and Transfers	30,906	1,985	3,509	36,400	10,487
Capital Contributions	41,874	1,767	-	43,641	3,404
Transfers In	-	-	-	-	68
Transfers Out	(9,652)	-	-	(9,652)	(29)
Change in Net Position	63,128	3,752	3,509	70,389	13,930
Total Net Position - Beginning	1,475,452	69,506	8,582	1,553,540	104,781
Aggregate amount of adjustments to and restatements of beginning net position	-	-	371	371	-
Total Net Position - Beginning Restated	1,475,452	69,506	8,953	1,553,911	104,781
Total Net Position - Ending	\$ 1,538,580	\$ 73,258	\$ 12,462	\$ 1,624,300	\$ 118,711

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Position to the Statement of Activities

For the Fiscal Year Ended June 30, 2024 (in thousands)

Net Change in Total Enterprise Fund Net Position \$ 70,389

Amounts reported for business-type activities in the government-wide statement of net position are different because:

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, computer equipment, and motor vehicles to individual funds. A look-back adjustment applies to business-type activities and creates an internal balance, which reduced the expenses.

2,160

Change in Net Position of Business-type Activities

\$ 72,549

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Cash Flows from Operating Activities					
Cash Received from Customers	\$ 190,659	\$ 19,120	\$ 33,236	\$ 243,015	\$ 84,757
Cash Payments to Suppliers for Goods/Services	(79,809)	(1,974)	(19,245)	(101,028)	(58,994)
Cash Payments to Employees for Services	(27,737)	(1,784)	(10,707)	(40,228)	(7,134)
Other Cash Receipts	8,209	13	7	8,229	2,986
Net Cash Provided by (Used for) Operating Activities	<u>91,322</u>	<u>15,375</u>	<u>3,291</u>	<u>109,988</u>	<u>21,615</u>
Cash Flows from NonCapital Financing Activities					
Property Tax	-	-	-	-	2,202
Transaction Privilege Tax	-	233	-	233	-
Transfers In	-	-	-	-	68
Transfers Out	(9,652)	-	-	(9,652)	(29)
Net Cash Provided by (Used for) NonCapital Financing Activities	<u>(9,652)</u>	<u>233</u>	<u>-</u>	<u>(9,419)</u>	<u>2,241</u>
Cash Flows from Capital and Related Financing Activities					
Capital Contributions from:					
Water and Sewer Development Fees	4,406	-	-	4,406	-
Water and Sewer Development Fee Credit Agreements	(376)	-	-	(376)	-
Capital Grants	711	2,333	-	3,044	-
Acquisition and Construction of Property and Equipment	(81,323)	(11,744)	(501)	(93,568)	(16,173)
Principal Payments on Capital Debt and Other Payables	(24,356)	(943)	-	(25,299)	-
Interest Paid on Capital Debt	(8,097)	(757)	-	(8,854)	-
Investment in Joint Venture	(1,134)	(1)	(14)	(1,149)	-
Sale of Capital Assets	-	-	-	-	1,159
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(110,169)</u>	<u>(11,112)</u>	<u>(515)</u>	<u>(121,796)</u>	<u>(15,014)</u>
Cash Flows from Investing Activities					
Income from Investments	11,444	523	479	12,446	-
Net Cash Provided by (Used for) Investing Activities	<u>11,444</u>	<u>523</u>	<u>479</u>	<u>12,446</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(17,055)	5,019	3,255	(8,781)	8,842
Cash and Cash Equivalents at Beginning of Year	<u>273,461</u>	<u>11,392</u>	<u>9,392</u>	<u>294,245</u>	<u>72,153</u>
Cash and Cash Equivalents at End of Year	<u>\$ 256,406</u>	<u>\$ 16,411</u>	<u>\$ 12,647</u>	<u>\$ 285,464</u>	<u>\$ 80,995</u>

(continued)

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total	Governmental Activities - Internal Service Funds
Cash and Cash Equivalents at End of Year includes:					
Cash and Investments	\$ 227,713	\$ 13,870	\$ 12,647	\$ 254,230	\$ 80,995
Cash with Fiscal Agent	24,773	1,355	-	26,128	-
Restricted Cash and Investments	3,920	1,186	-	5,106	-
Total Cash and Cash Equivalents	<u>\$ 256,406</u>	<u>\$ 16,411</u>	<u>\$ 12,647</u>	<u>\$ 285,464</u>	<u>\$ 80,995</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities					
Cash Flows from Operating Activities					
Operating Income	\$ 25,643	\$ 1,846	\$ 3,003	\$ 30,492	\$ 8,145
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for)					
Operating Activities:					
Depreciation/Amortization	62,427	5,377	339	68,143	11,646
Current Year Pension Contributions	(2,470)	(151)	(898)	(3,519)	(558)
Change in Equity in Joint Ventures	6,210	2	24	6,236	1
Change in Accounts Receivable	(2,438)	(96)	(495)	(3,029)	(66)
Change in Lease/PPP Receivable	-	1,248	-	1,248	-
Change in Miscellaneous Receivable	(969)	-	-	(969)	-
Change in Intergovernmental Receivable	355	-	-	355	-
Change in Inventories	-	-	-	-	53
Change in Prepaid Expense	(728)	(26)	(62)	(816)	(5)
Change in Customer Deposits	30	24	-	54	-
Change in Accounts Payable	1,013	9	(304)	718	1,852
Change in Unearned Revenue	-	-	-	-	(1)
Change in Accrued Payroll and Compensated Absences	144	(91)	100	153	(32)
Change in Claims Payable	-	-	-	-	(186)
Change in Advanced Payments	(292)	(100)	-	(392)	-
Change in Net Pension Liability	(1,489)	(106)	145	(1,450)	(129)
Change in Deferred Inflows of Resources Leases/PPPs	(1)	7,180	-	7,179	-
Change in Deferred Outflows of Resources Related to Pensions	3,363	224	1,215	4,802	769
Change in Deferred Inflows of Resources Related to Pensions	524	35	224	783	130
Change in Other Liabilities	-	-	-	-	(4)
Total Adjustments	<u>65,679</u>	<u>13,529</u>	<u>288</u>	<u>79,496</u>	<u>13,470</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 91,322</u>	<u>\$ 15,375</u>	<u>\$ 3,291</u>	<u>\$ 109,988</u>	<u>\$ 21,615</u>
Supplemental Disclosure of Non-Cash Investing, Capital, and Financing Activities					
Initiation of Lease	\$ (47)	\$ -	\$ -	\$ (47)	\$ (12)
Initiation of SBITA	(35)	-	-	(35)	-
Contributions of Capital Assets from Developers	37,132	-	-	37,132	-
Change in Equity in Joint Venture	(5,076)	(1)	(10)	(5,087)	-
Contributions of Capital Assets from Other Funds	-	-	-	-	3,404
Capital Asset Adjustment for Prior Period	-	-	371	371	-
Amortization of Bond Premium	2,042	84	-	2,126	-
Deferred Amount on Refundings	(1,195)	-	-	(1,195)	-
Retirement of Assets	(139)	(243)	-	(382)	(490)
Total Non-Cash Investing, Capital, and Financing Activities	<u>\$ 32,682</u>	<u>\$ (160)</u>	<u>\$ 361</u>	<u>\$ 32,883</u>	<u>\$ 2,902</u>

The notes to the financial statements are an integral part of this statement.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The City of Scottsdale, Arizona (the city) was incorporated in 1951. The current City Charter was adopted in 1961, which established the Council/Manager form of government. The city provides basic government services to its citizens including roads, water, sewer, solid waste management, public transit, parks and recreation facilities, and public safety.

The accounting policies of the city conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The financial reporting entity presented in these financial statements consists of the City of Scottsdale, Arizona (the primary government) and its component units. The component units discussed below are included in the city's reporting entity because of the significance of their operational or financial relationships with the city. The city has operational responsibility for the component units:

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Component Unit	Description and Criteria for Inclusion	Reporting Method	For Separate Financial Statements
City of Scottsdale Municipal Property Corporation (MPC)	<ul style="list-style-type: none"> • Non-profit corporation created in 1967 • Sole purpose is to construct, acquire, and equip buildings, structures, or land improvements for the city • Governed by Board of Directors approved by City Council • For financial reporting purposes, transactions are included as a governmental and proprietary fund type as if part of the city's operation 	Blended	City of Scottsdale City Treasurer's Office 7447 E. Indian School Rd. Ste. 210 Scottsdale, AZ 85251
McDowell Mountain Ranch Community Facilities District (CFD)	<ul style="list-style-type: none"> • Formed in 1994 by petition to City Council • Created to acquire and improve public infrastructure in specified land area • Able to levy taxes and issue bonds independent of the city • Property owners within the designated area are assessed for District taxes and costs of operation • City Council serves as the Board of Directors • The city has no liability for District debt • For financial reporting purposes, transactions are included as a governmental fund type as if part of the city's operation 	Blended	City of Scottsdale City Treasurer's Office 7447 E. Indian School Rd. Ste. 210 Scottsdale, AZ 85251
DC Ranch Community Facilities District (CFD)	<ul style="list-style-type: none"> • Formed in 1997 by petition to City Council • Created to acquire and improve public infrastructure in specified land area • Able to levy taxes and issue bonds independent of the city • Property owners within the designated area are assessed for District taxes and costs of operation • City Council serves as the Board of Directors • The city has no liability for District debt • For financial reporting purposes, transactions are included as a governmental fund type as if part of the city's operation 	Blended	City of Scottsdale City Treasurer's Office 7447 E. Indian School Rd. Ste. 210 Scottsdale, AZ 85251
Via Linda Road Community Facilities District (CFD)	<ul style="list-style-type: none"> • Formed in 1998 by petition to City Council • Created to acquire and improve public infrastructure in specified land area • Able to levy taxes and issue bonds independent of the city • Property owners within the designated area are assessed for District taxes and costs of operation • City Council serves as the Board of Directors • The city has no liability for District debt • For financial reporting purposes, transactions are included as a governmental fund type as if part of the city's operation 	Blended	City of Scottsdale City Treasurer's Office 7447 E. Indian School Rd. Ste. 210 Scottsdale, AZ 85251
Waterfront Commercial Community Facilities District (CFD)	<ul style="list-style-type: none"> • Formed in 2005 by petition to City Council • Created to acquire and improve public infrastructure in specified land area • Able to levy taxes and issue bonds independent of the city • Property owners within the designated area are assessed for District taxes and costs of operation • City Council serves as the Board of Directors • The city has no liability for District debt • For financial reporting purposes, transactions are included as a governmental fund type as if part of the city's operation 	Blended	City of Scottsdale City Treasurer's Office 7447 E. Indian School Rd. Ste. 210 Scottsdale, AZ 85251

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses for a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not included among program revenues are reported instead as general revenues. Indirect costs incurred by governmental activities and reimbursed by business-type activities are included in the program expense reported by the individual business-type functions.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are earned and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The city considers revenues to be available if they are collected within 31 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; however, debt service expenditures, as well as expenditures related to vacation, sick leave, claims, and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt and acquisitions under leases, subscription-based information technology arrangements, public-public partnerships, and contracts payables are reported as other financing sources.

Because different measurement focuses and bases of accounting are used in the government-wide statement of net position and in governmental fund balance sheets, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net position* in the statement of net position.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Property taxes, other local taxes, and licenses available within the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Interest is accrued in the same fiscal period in which the revenue is earned. All other revenue items are considered to be measurable and available only when the city receives cash.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

The *General Obligation Bond Debt Service Fund* is used to account for and report the accumulation of financial resources that are restricted to expenditures for the payment of long-term general obligation debt principal, interest, and related costs.

The *General CIP Construction Capital Projects Fund* is used to account for and report financial resources that are committed or restricted to expenditures for capital outlays including the acquisition, construction, and improvements to major capital facilities or capital equipment from amounts transferred from the city's General Fund in accordance with the city's comprehensive financial policies adopted by the City Council annually. This fund also represents other City Council approved capital programs including committing funds for tourism-related capital projects as well as activity for the capital in-lieu parking and in-lieu stormwater.

The *Transportation Capital Projects Fund* is used to account for the portion of Transportation Privilege (Sales) Tax dedicated to transportation capital improvements. Resources are provided by the 0.2 percent 1989 voter-approved privilege tax, the 0.1 percent 2018 voter-approved privilege tax dedicated to the Arterial Life Cycle Program. The Arizona Highway User Revenue tax also contributes to this fund.

The *External Sources Capital Projects Fund* is used to account for the activity related to monies received from a variety of external sources including federal and state grants and contributions. The revenues are restricted or committed for specific types of capital improvements.

The government reports the following major proprietary funds:

The *Water and Sewer Utility, Airport, and Solid Waste Funds* account for the operating revenues and expenses of the city's water and sewer utility systems, airport, and sanitation services (solid waste, brush removal, container maintenance, etc.), respectively.

Additionally, the government reports the following fund types:

The *Internal Service Funds* account for fleet management, computer replacements, and self-insurance services provided to other departments or units of the city on a cost-reimbursement basis.

The *Permanent Funds* account for resources that are legally restricted to the extent that only earnings, not principal, support the city's programs.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

In general, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are indirect costs, in-lieu franchise fees, and other charges between the city's governmental activities and the Water and Sewer Utility Fund, Airport Fund, and Solid Waste Fund, because elimination of these charges would distort the direct costs and program revenues reported in the statement of activities.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the funds' principal ongoing operations. The principal operating revenues of the city's enterprise and internal service funds are charges for customer services including water, sewer, airport, solid waste, vehicle purchase/maintenance, computer replacement, and self-insurance charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

The city considers all highly liquid investments (including restricted assets) in money market mutual funds, demand deposits, certificates of deposit, repurchase agreements, commercial paper, and U.S. Treasury bills with an original maturity of three months or less to be cash equivalents. For the purposes of the statements of cash flows, all pooled cash and investments are considered cash equivalents. Maturities in excess of three months when purchased may be deposited or withdrawn by the proprietary funds at any time without prior notice or penalty, therefore having the characteristics of demand deposits.

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* provides that governmental entities may report all investments at fair value, or they may elect to report certain money market investments and participating interest-earning investment contracts at amortized cost. The city has elected to report all investments at fair value. The city's policy permits it to invest in certificates of deposit; repurchase agreements; highly rated commercial paper issued by corporations organized and doing business in the United States; money market mutual funds; highly rated corporate bonds/notes/asset-backed securities denominated in U.S. dollars; obligations issued or guaranteed by the United States government, or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities; bonds, notes, or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts, or special taxing districts; and the pooled investment funds established by the Office of the Arizona State Treasurer.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

2. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is classified as “due to/from other funds” (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All accounts receivables are shown net of an allowance for uncollectible amounts.

The city’s property tax is levied each year on or before the third Monday in August based on the previous January 1 full cash value as determined by the Maricopa County Assessor. Levies are due and payable in two installments, on October 1 and March 1, and become delinquent after November 1 and after May 1, respectively. A lien attaches to the property on the first day of January preceding the assessment and levy of taxes. Delinquent amounts bear interest at the rate of 16 percent. Public auctions of properties which have delinquent real estate taxes are held in February. Maricopa County, at no charge to the taxing entities, bills and collects all property taxes.

Property taxes levied for current operation and maintenance expenses on residential property are limited to one percent of the limited property value of such property. In addition, taxes levied for current operation and maintenance expenses on all types of property are limited to a maximum increase of two percent over the prior-year’s levy, adjusted for new construction and annexations. Property taxes levied to pay principal and interest on bonded indebtedness are not limited.

3. Inventories, Prepayments, and Prepaid Items

Inventories of the governmental funds are recorded under the consumption method. Inventories are recorded as expenditures when consumed rather than when purchased. Inventories are valued at year end based on cost, with cost determined using an average cost method.

Prepayments of the governmental funds, which are prepared using the modified accrual basis of accounting, are recorded under the purchase method, and are therefore recorded as expenditures when purchased. Within the government-wide statements, which are prepared using the accrual basis of accounting, prepayments are recorded as assets and amortized over the life of the related agreement.

Prepaid items contain payments made to vendors applicable to future accounting periods in both the government-wide and proprietary fund financial statements. The cost of a prepaid item is recorded as an expense when consumed rather than purchased.

4. Restricted Assets

Certain proceeds of the city’s bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts or their use is restricted by outside parties.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The joint venture construction deposits with the City of Phoenix are used for capital expansion, rehabilitation, and expansion of the jointly used facilities.

Assets are also restricted in enterprise funds for deposits received from water, sewer, and airport customers, as well as unearned revenues related to cash received in advance of services provided.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 except for private-public and public-public partnerships, leases, and subscription-based technology arrangements must be \$50,000 or greater; and an estimated useful life in excess of two years. All land and land rights regardless of value are capitalized. The city may capitalize items under the individual threshold if in the aggregate the items exceed the threshold. Assets contributed (donated) are recorded by reference to historical costs of the donor if recently purchased or constructed, or if such records are not available, at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The city has elected to exclude the values of the art collections held in perpetuity from capitalization as the worth of the collections may change over time and because these collections are maintained in perpetuity to be used for purposes other than financial gain.

Depreciation and amortization of all assets are recorded and calculated using the straight-line method over the following estimated useful lives:

Water System.....	10 to 75 Years
Sewer System.....	25 to 50 Years
Buildings and Improvements.....	25 to 50 Years
Streets and Storm Drains.....	30 Years
Land Improvements.....	25 Years
Machinery and Equipment.....	5 to 20 Years
Motor Vehicles.....	3 to 15 Years
Furniture, Fixtures, and Office Equipment.....	5 to 10 Years

Lease, public-public partnership, and subscription-based information technology arrangements assets are amortized over the life of the associated contract. The excess purchase price over fair value of assets acquired in the Water and Sewer Utility Enterprise Fund is amortized on the straight-line method over 20 to 60 years.

When capital assets are disposed of, the cost and accumulated depreciation or amortization are removed from the accounts, and any resulting gain or loss is recognized in the government-wide and proprietary fund financial statements.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plans' fiduciary net position, and additions to/deductions from the plans' fiduciary net position, have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported within the fair value hierarchy established by generally accepted accounting principles.

7. Compensated Absences

Compensated absences consist of vacation leave and a calculated amount of medical leave earned by employees based on services already rendered. Employees may accumulate up to a maximum number of hours of vacation depending on years of service, but any vacation hours in excess of the maximum amount unused at the calendar year end are forfeited. The city's policy is to pay employees for unused accumulated vacation hours at termination or retirement. The city's medical leave policy, however, is that only those employees hired full-time before July 1, 1982, receive cash for a portion of unused medical leave at death or retirement. For employees hired after July 1, 1982, the city funds the value of medical leave balances converted to a retiree health savings account for the participant immediately upon retirement. To be eligible for the medical leave conversion, the employee must retire and have accumulated 300 or more hours of medical leave (420 or more hours for shift fire employees) and will be funded at 100 percent for any medical leave hours accrued prior to July 1, 2011. If an employee has not accrued 1,200 hours before July 1, 2011, the employee will be funded the unused medical leave accrued after July 1, 2011, at 50 percent of the employee's hourly base rate at the time of retirement, up to and including 1,200 hours accrued both before and after July 1, 2011. Shift fire employees will have the same rules apply, except their cap is 1,680 medical leave hours.

Vacation pay is calculated based on vacation used, and the medical leave conversion is based on an actuarial valuation dated January 1, 2024. The medical leave conversion and vacation pay amounts are accrued in the government-wide and proprietary fund financial statements. A liability for the current amount of compensated absences is recorded as a current liability as of June 30, 2024, in the governmental and proprietary funds. The current liability represents compensated absences that have matured but were not paid as of June 30, 2024, which resulted from employee resignations and retirements. The current compensated absences amount in the governmental funds is combined with accrued payroll and other payroll-related amounts in the accrued payroll and benefits line item. No long-term liability for compensated absences is recorded in the governmental funds.

8. Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the governmental activities or business-type activities section, as appropriate, in the statement of net position of the government-wide financial statements, or in the proprietary fund statement of net position in the proprietary fund financial statements. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount and bond issuance costs are expensed when incurred.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide financial statements and the proprietary fund financial statements include a section for deferred outflows of resources. This represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The city has three items that qualify for this category: deferred amounts on refundings, pension-related amounts, and other postemployment benefits (OPEB)-related amounts.

Deferred amounts on refundings result from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The pension and OPEB-related amounts include differences between expected and actual experience, changes of assumptions or other inputs, and contributions made to the pension/OPEB plan by the employer subsequent to the measurement date of the net pension liability/total OPEB liability and before the end of the reporting period. Additionally, the pension-related amounts include the difference between projected and actual investment earnings and changes in proportion and differences between employer contributions and proportionate share of contributions. With the exception of the difference between projected and actual investment earnings and contributions made to the pension/OPEB plan by the employer subsequent to the measurement date of the net pension liability/total OPEB liability and before the end of the reporting period, the pension-and OPEB-related deferred outflows of resources should be recognized in pension/OPEB expense, respectively, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions/OPEB through the pension/OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period. The deferred outflows of resources relating to the difference between projected and actual investment earnings should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period. The deferred outflows of resources relating to contributions made to the pension/OPEB plan by the employer subsequent to the measurement date of the net pension liability/total OPEB liability and before the end of the reporting period will reduce the beginning net pension liability/total OPEB liability in the following fiscal year.

In addition to liabilities, the government-wide and fund financial statements include a section for deferred inflows of resources. This represents an acquisition of fund balance or net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The city has the following items that qualify for this category: unavailable revenue, pension-related amounts, OPEB-related amounts, lease-related amounts, and public-private partnership amounts.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Unavailable revenue, which arises only under the modified accrual basis of accounting, is recognized as an inflow of resources in the period that the related amounts become available.

The pension-and OPEB-related amounts include differences between expected and actual experience and changes of assumptions or other inputs. Additionally, the pension-related amounts include the difference between projected and actual investment earnings and changes in proportion and differences between employer contributions and proportionate share of contributions. With the exception of the difference between projected and actual investment earnings, the pension-and OPEB-related deferred inflows of resources should be recognized in pension/OPEB expense, respectively, beginning in the current reporting period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions/OPEB through the pension/OPEB plans (active employees and inactive employees) determined as of the beginning of the measurement period. The deferred inflows of resources relating to the difference between projected and actual investment earnings should be recognized in pension expense using a systematic and rational method over a closed five-year period, beginning in the current reporting period.

Lease-related amounts are recognized at the inception of leases in which the city is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Public-private partnership (PPP) amounts are recognized at the inception of PPPs in which the city is the transferor and upon the contribution of improvements to the underlying PPP asset made by the operator in the PPP to the city. The deferred inflow of resources is recorded in an amount equal to the corresponding PPP receivable plus the value of the contributed improvements at the time of the contribution. The inflow of resources is recognized in a systematic and rational manner over the term of the PPP.

10. Development Impact Fee Revenue

The city has entered into several agreements whereby it will provide a development fee credit to developers for construction of certain public infrastructure improvements. The funding source for the reimbursements will come from water and sewer development fees, which are paid when units of the development are connected to the utility system. The city does not become liable under the agreements until the city has accepted the cost, a development fee has been paid, and a water meter has been set.

11. Fund Balance Policies

In the fund financial statements, governmental funds report the fund balance into classifications that comprise a hierarchy based on the extent to which the city is bound to honor constraints on the specific purpose for which those funds can be spent. The classifications of fund balance are Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Nonspendable fund balances include amounts that cannot be spent because they are not in a spendable form, such as inventory or prepaid items, or because resources legally or contractually must remain intact.

Restricted fund balances are the portion of a fund balance that have externally enforceable limitations on their usage through legislation or limitations imposed by creditors, grantors, laws and regulations of other governments, or enabling legislation.

Committed fund balances are self-imposed limitations by the highest level of decision-making authority, namely City Council, prior to the end of the reporting period. City Council approval is required to commit resources or to rescind the commitment through a City Council resolution.

Assigned fund balances are limitations imposed internally by management based on the intended use of the funds. In June 2011, through City Council Resolution No. 8751, the City Council authorized the City Treasurer to assign fund balances for specific purposes.

Unassigned fund balances represent the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance, whereas any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specified expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed would be considered spent first (if available), followed by assigned (if available), and then unassigned amounts.

12. Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure and capital-related deferred outflows of resources, into one component of net position. Accumulated depreciation/amortization, the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets, and the capital-related deferred inflows of resources reduce the balance in this category.

Restricted Net Position – This category represents net position that has external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the city not restricted for a specific purpose.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

13. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenue and expenses/expenditures, and the disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

E. Implementation of New Accounting Principles

1. Governmental Accounting Standards Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*

The city adopted the provisions of GASB *Implementation Guidance Update – 2021*, Question 5.1 that was effective for periods beginning after June 15, 2023. The objective of the Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. Question 5.1 specifically amended questions in previously issued Implementation Guides. The new guidance expands the scope of the capital assets threshold application from only an individual unit cost to an individual unit cost as well as aggregate significant costs even if the individual units are less than the capitalization threshold.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

F. Prior Period Adjustment

1. Change in Accounting Principle

The city's net position as of July 1, 2023, has been restated as follows for the implementation of GASB Implementation Guide - 2021-1, Question 5.1 . The table below reflects the restatement amounts on the government-wide statement and proprietary fund statements of net position (in thousands):

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balance		
	Government-wide		Funds
	Governmental Activities	Business-type Activities	Enterprise Fund Solid Waste
Net position at June 30, 2023, as previously reported	\$ 4,812,135	\$ 1,559,591	\$ 8,582
Prior period adjustment - implementation of Guide 2021-1	3,730	371	371
Net position at June 30, 2023, as restated	\$ 4,815,865	\$ 1,559,962	\$ 8,953

The Implementation Guide expanded the guidance on the scope of capital assets threshold application from an individual unit cost to an individual unit cost as well as aggregate significant costs even if the individual units are less than the capitalization threshold. This resulted in an increase in the city's net position due to additional capital assets being recognized.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The city's total governmental fund balances, \$731,118,000 differ from the net position of governmental activities, \$5,122,393,000 reported in the statement of net position. The difference primarily results from the long-term economic focus in the statement of net position versus the current financial resources focus in the governmental funds balance sheet.

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position
(in thousands)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Total Governmental Funds	Long-Term Assets and Deferred Outflows/ Liabilities and Deferred Inflows⁽¹⁾	Internal Service Funds⁽²⁾	Reclassifications and Eliminations⁽³⁾	Statement of Net Position Total
Assets					
Cash and Investments	\$ 760,866	\$ -	\$ 80,995	\$ -	\$ 841,861
Cash with Fiscal Agent	84,481	-	-	-	84,481
Receivables (net of allowance for uncollectibles)					
Interest	5,446	-	-	-	5,446
Privilege Tax	37,011	-	-	-	37,011
Transient Occupancy Tax	2,307	-	-	-	2,307
Property Tax	2,633	-	-	-	2,633
State Shared Sales Tax	1,152	-	-	-	1,152
Franchise Fee	3,429	-	-	-	3,429
Court	10,249	-	-	-	10,249
Highway User Tax	1,911	-	-	-	1,911
Auto Lieu Tax	477	-	-	-	477
Intergovernmental	65,027	-	-	-	65,027
Grants	3,458	-	-	-	3,458
Leases	33,707	-	-	-	33,707
Miscellaneous	10,864	-	637	-	11,501
Due from Other Funds	32,453	-	-	(32,453)	-
Supplies Inventory	570	-	1,412	-	1,982
Prepaid Items	-	-	6	-	6
Capital Assets (net of accumulated depreciation)	-	4,876,351	68,124	-	4,944,475
Equity in Joint Venture	-	2,833	4	-	2,837
Lease Assets (net of accumulated amortization)	-	3,756	21	-	3,777
Subscription-Based I.T. Arrangements (net of accumulated amortization)	-	12,752	114	-	12,866
Prepayments	-	23,596	-	-	23,596
Public-Public Partnerships (net of accumulated amortization)	-	78,496	-	-	78,496
Total Assets	<u>1,056,041</u>	<u>4,997,784</u>	<u>151,313</u>	<u>(32,453)</u>	<u>6,172,685</u>
Deferred Outflows of Resources					
Deferred Amounts on Refundings	-	13,660	-	-	13,660
Pension-Related Amounts	-	111,173	728	-	111,901
OPEB-Related Amounts	-	490	-	-	490
Total Deferred Outflows of Resources	<u>-</u>	<u>125,323</u>	<u>728</u>	<u>-</u>	<u>126,051</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,056,041</u>	<u>\$ 5,123,107</u>	<u>\$ 152,041</u>	<u>\$ (32,453)</u>	<u>\$ 6,298,736</u>

(continued)

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position
(in thousands)

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE/NET POSITION	Total Governmental Funds	Long-Term Assets and Deferred Outflows/ Liabilities and Deferred Inflows ⁽¹⁾	Internal Service Funds ⁽²⁾	Reclassifications and Eliminations ⁽³⁾	Statement of Net Position Total
Liabilities					
Accounts Payable	\$ 43,585	\$ -	\$ 5,776	\$ -	\$ 49,361
Accrued Payroll and Benefits	12,254	(78)	280	-	12,456
Due to Other Funds	32,453	-	8,211	(32,453)	8,211
Accrued Compensated Absences - Current	-	78	-	-	78
Accrued Compensated Absences - Due within one year	-	15,934	288	-	16,222
Accrued Compensated Absences - Due in more than one year	-	16,883	161	-	17,044
Leases - Due within one year	-	969	5	-	974
Subscriptions - Due within one year	-	2,290	115	-	2,405
Matured Bond Interest Payable	8,605	-	-	-	8,605
Matured Bonds Payable	75,750	-	-	-	75,750
Unearned Revenue					
Intergovernmental	7,464	-	-	-	7,464
Other	2,303	-	13	-	2,316
Due to Other Governments	15,466	-	-	-	15,466
Guaranty and Other Deposits	8,152	-	-	-	8,152
Other	2,694	-	-	-	2,694
Bonds, Loans, Capital Leases, and Other Payables	-	873,393	26,353	-	899,746
Total Liabilities	<u>208,726</u>	<u>909,469</u>	<u>41,202</u>	<u>(32,453)</u>	<u>1,126,944</u>
Deferred Inflows of Resources					
Unavailable Revenue	84,228	(84,228)	-	-	-
Leases	31,969	-	-	-	31,969
Pension-Related Amounts	-	12,772	339	-	13,111
Public-Private Partnerships	-	2,416	-	-	2,416
OPEB-Related Amounts	-	1,903	-	-	1,903
Total Deferred Inflows of Resources	<u>116,197</u>	<u>(67,137)</u>	<u>339</u>	<u>-</u>	<u>49,399</u>
Total Liabilities and Deferred Inflows of Resources	<u>324,923</u>	<u>842,332</u>	<u>41,541</u>	<u>(32,453)</u>	<u>1,176,343</u>
Fund Balances/Net Position					
Total Fund Balances/Net Position	<u>731,118</u>	<u>4,280,775</u>	<u>110,500</u>	<u>-</u>	<u>5,122,393</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position	<u>\$ 1,056,041</u>	<u>\$ 5,123,107</u>	<u>\$ 152,041</u>	<u>\$ (32,453)</u>	<u>\$ 6,298,736</u>

(continued)

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position

(in thousands)

(1) When capital assets (land, buildings, equipment, etc.) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds; however, the statement of net position includes those capital assets among the assets of the city as a whole.

Cost of capital assets	\$ 6,791,437
Accumulated depreciation	(1,915,086)
	\$ 4,876,351

Equity in joint ventures that are to be used in governmental activities are reported in the governmental funds as expenditures. These assets are included in the statement of net position for the city as a whole.

	\$ 2,833
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Certain items that are recognized as assets on the statement of net position are expended in governmental funds when paid, such as long-term prepayments, while others arise from the incurrence of long-term liabilities or the receipt of capital assets from elsewhere within the city, such as public-public partnerships (PPPs), leases, and subscription-based information technology arrangements (SBITAs). These assets are capitalized and amortized over the life of the corresponding agreement.

Prepayments at 7/1/23	\$ 24,974
Prepayments for fiscal year 2024	1,831
Prepayments reclassified to SBITA asset	(1,511)
Prepayments applied to PSPRS pension liability	(731)
Amortization of prepayments	(967)
	\$ 23,596

PPPs at 7/1/23	\$ 55,692
Land improvements net additions for PPPs	29,185
Amortization of PPPs	(6,381)
	\$ 78,496

Leases at 7/1/23	\$ 2,769
Leases for fiscal year 2024	1,998
Loss on retirement	(61)
Amortization of leases	(950)
	\$ 3,756

SBITAs at 7/1/23	\$ 5,147
SBITAs for fiscal year 2024	12,813
Prepayments reclassified to SBITA asset	1,511
Loss on retirement	(3,094)
Amortization of SBITAs	(3,625)
	\$ 12,752

Deferred outflows of resources consist of items that will consume net assets in a future reporting period(s) and do not meet the definition of an asset. Deferred amounts on refundings result from the difference between the carrying value of refunded debt and its reacquisition price. The pension and OPEB-related amounts result from differences between expected and actual experience, changes of assumptions or other inputs, the difference between projected and actual investment earnings, changes in the proportion and differences between city contributions and proportionate share of contributions, and contributions made to the pension/OPEB plan by the employer subsequent to the measurement date of the net pension liability/total OPEB liability and before the end of the reporting period.

Deferred amounts on refundings	\$ 13,660
Pension-related amounts	111,173
OPEB-related amounts	490
	\$ 125,323

(continued)

Reconciliation of Governmental Funds Balance Sheet to the Government-wide Statement of Net Position

(in thousands)

Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. All liabilities, both current and long-term, are reported in the statement of net position. Balances at June 30, 2024, were:

Leases	\$ (3,975)
Bonds	(517,898)
Public-public partnerships	(4,368)
Subscription-based information technology arrangements	(9,696)
Contracts Payable	(1,786)
Issuance premium	(24,563)
Accrued vacation and sick leave pay	(32,817)
Total OPEB liability	(863)
Net pension liabilities	(313,503)
	<u>\$ (909,469)</u>

Because the focus of governmental funds is on a short-term basis, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance. Certain tax and other revenues that are considered unavailable under modified accrual accounting for governmental fund statements are recognized as revenue under accrual accounting for the government-wide statements.

Unavailable court revenue	\$ 3,724
Unavailable property tax revenue	1,580
Unavailable privilege tax revenue	6,862
Unavailable transient occupancy tax revenue	237
Unavailable intergovernmental revenue	67,093
Unavailable other revenue	4,732
	<u>\$ 84,228</u>

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources related to pensions and OPEB may result from differences between expected and actual experience, changes of assumptions or other inputs, the difference between projected and actual investment earnings, and changes in proportion and differences between employer contributions and proportionate share of contributions. Deferred inflows of resources related to public-private partnerships are recorded in an amount equal to the value of the contributed operator improvements at the time of the contribution.

Pension-related amounts	\$ (12,772)
OPEB-related amounts	(1,903)
Public-private partnerships	(2,416)
	<u>\$ (17,091)</u>

(2) Internal service funds are used by management to charge the costs of certain activities, such as fleet management, computer equipment, and self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

\$ 110,500

(3) When governmental funds have cash timing differences, due to and from balances are established at the fund level. This adjustment eliminates the governmental interfund activity.

Reduction of amount due from other governmental fund	<u>\$ (32,453)</u>
Reduction of amount due to other governmental fund	<u>\$ 32,453</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

B. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The net change in fund balances for governmental funds, \$31,990,000 differs from the change in net position for the governmental activities, \$306,528,000 reported in the statement of activities. The differences arise primarily from the long-term economic focus in the statement of activities versus the current financial resources focus in the governmental funds. The effect of the differences is illustrated in the following table:

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities

(in thousands)

REVENUES	Total Governmental Funds	Long-Term Revenue/ Expenses ⁽⁴⁾	Capital Related Items ⁽⁵⁾	Internal Service Funds ⁽⁶⁾	Reclassifications and Eliminations ⁽⁷⁾	Long-Term Debt Transactions ⁽⁸⁾	Statement of Activities
Taxes - Local							
Property	\$ 73,214	\$ 332	\$ -	\$ 2,202	\$ -	\$ -	\$ 75,748
Transaction Privilege	304,020	2,840	-	-	-	-	306,860
Transient Occupancy	34,597	54	-	-	-	-	34,651
Light and Power Franchise	11,181	-	-	-	-	-	11,181
Cable TV Franchise	3,358	-	-	-	-	-	3,358
Salt River Project In-Lieu	233	-	-	-	-	-	233
Other Taxes	7,636	83	-	-	-	-	7,719
Taxes - Intergovernmental							
State Shared Sales	36,693	-	-	-	-	-	36,693
State Revenue Sharing	64,406	-	-	-	-	-	64,406
Auto Lieu Tax	12,580	-	-	-	-	-	12,580
Highway User Tax	18,743	-	-	-	-	-	18,743
Local Transportation Assistance Fund	610	-	-	-	-	-	610
Business and Liquor Licenses	2,746	3	-	-	-	-	2,749
Charges for Current Services							
Building and Related Permits	22,086	7	-	-	(100)	-	21,993
Recreation Fees	9,444	41	-	-	-	-	9,485
WestWorld Equestrian Facility Fees	6,737	874	-	-	-	-	7,611
Fire Fees	2,909	368	-	-	-	-	3,277
Fines, Fees, and Forfeitures							
Court	4,000	(29)	-	-	-	-	3,971
Parking	249	(4)	-	-	-	-	245
Photo Radar	2,979	-	-	-	-	-	2,979
Court Enhancement	1,705	-	-	-	-	-	1,705
Library	142	-	-	-	-	-	142
Police	90	-	-	-	-	-	90
Opioid Settlements	1,454	-	-	-	-	-	1,454
Property Rental	11,884	1,153	-	-	-	-	13,037
Interest Earnings	25,456	-	-	-	-	-	25,456
Net Increase in Fair Value of Investments	14,867	-	-	-	-	-	14,867
Public-Private Partnerships	-	-	87	-	-	-	87
Intergovernmental							
Federal Grants	15,318	(1,797)	-	-	-	-	13,521
State Grants	1,653	595	-	-	-	-	2,248
Miscellaneous	31,252	22,502	-	-	-	-	53,754
Developer Contributions	3,478	(1,493)	-	-	1,248	-	3,233
Streetlight and Services Districts	489	-	-	-	-	-	489
Contributions and Donations	2,430	825	-	-	-	-	3,255
Reimbursements from Outside Sources	2,515	(175)	-	-	-	-	2,340
Indirect Costs	8,313	-	-	-	-	-	8,313
Other	1,261	(18)	-	-	(10)	-	1,233
Total Revenues	\$ 740,728	\$ 26,161	\$ 87	\$ 2,202	\$ 1,138	\$ -	\$ 770,316

(continued)

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities

(in thousands)

EXPENDITURES/EXPENSES	Total Governmental Funds	Long-Term Revenue/ Expenses ⁽⁴⁾	Capital Related Items ⁽⁵⁾	Internal Service Funds ⁽⁶⁾	Reclassifications and Eliminations ⁽⁷⁾	Long-Term Debt Transactions ⁽⁸⁾	Statement of Activities
Current							
General Government							
Mayor and City Council	\$ 1,035	\$ 5	\$ -	\$ (13)	\$ -	\$ -	\$ 1,027
City Clerk	972	6	-	(10)	-	-	968
City Attorney	8,052	77	15	(85)	-	-	8,059
City Auditor	1,063	(8)	-	(9)	-	-	1,046
City Court	7,330	50	45	(68)	-	-	7,357
City Manager	1,812	201	33	(11)	-	-	2,035
City Treasurer	11,558	250	14	(129)	(10)	-	11,683
Other General Government	10,567	-	-	-	-	-	10,567
Public Works	52,940	130	63,647	(851)	(180)	-	115,686
Community and Economic Development	46,821	1,019	3,095	(230)	1,146	-	51,851
Public Safety	209,835	(3,011)	5,415	(3,733)	(2,404)	-	206,102
Community Services	68,445	6,339	13,709	(665)	(94)	-	87,734
Administrative Services	27,550	5,091	2,146	(181)	(1)	-	34,605
Scottsdale AZ CARES	-	117	-	-	-	-	117
Streetlight and Services Districts	533	-	-	-	-	-	533
Debt Service							
Principal	81,447	-	-	-	-	(81,447)	-
Interest and Fiscal Charges	17,740	-	-	-	-	(1,711)	16,029
Capital Outlay	187,042	-	(187,042)	-	-	-	-
Total Expenditures/Expenses	<u>\$ 734,742</u>	<u>\$ 10,266</u>	<u>\$ (98,923)</u>	<u>\$ (5,985)</u>	<u>\$ (1,543)</u>	<u>\$ (83,158)</u>	<u>\$ 555,399</u>
OTHER FINANCING SOURCES (USES) / CHANGES IN NET POSITION							
Net Transfers from Other Funds	\$ 9,613	\$ -	\$ -	\$ 39	\$ -	\$ -	\$ 9,652
Capital Contributions	-	-	77,959	3,404	(2,681)	-	78,682
Financing of Leases	1,978	-	-	-	-	(1,978)	-
Financing of Subscription-Based I.T. Arrangements	11,944	-	-	-	-	(11,944)	-
Financing of Contracts Payable	1,876	-	-	-	-	(1,876)	-
Sale of General Capital Assets	593	-	(507)	140	-	-	226
Gain on Retirement of Contract Payable	-	-	-	-	-	165	165
Gain on Retirement of Lease Liability	-	-	-	-	-	44	44
Gain on Retirement of Subscription-Based I.T. Arrangements Liability	-	-	-	-	-	2,842	2,842
Total	<u>26,004</u>	<u>-</u>	<u>77,452</u>	<u>3,583</u>	<u>(2,681)</u>	<u>(12,747)</u>	<u>91,611</u>
Net Change for the Year	<u>\$ 31,990</u>	<u>\$ 15,895</u>	<u>\$ 176,462</u>	<u>\$ 11,770</u>	<u>\$ -</u>	<u>\$ 70,411</u>	<u>\$ 306,528</u>

(continued)

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities

(in thousands)

(4) Because some property taxes will not be collected for several months after the city's fiscal year-end, they are not considered as "available" revenues in the governmental funds. Similarly, other revenues are not currently available at year-end and are not reported as revenue in the governmental funds.

Taxes-Local	\$	3,309
Charges for Services/Licenses		1,293
Fines, Fees, and Forfeitures		(33)
Intergovernmental		21,770
Other		292
		<u>26,631</u>

Some expenses reported in the statement of activities do not require the use of current financial resources, and are therefore not reported as expenditures in governmental funds.

Accrual for long-term compensated absences	\$	(183)
OPEB expense		110
Pension expense		(47,751)
Change in equity interest for joint venture		(701)
Amortization of long-term prepaid leases		(967)
Amortization of public-public partnerships		(6,381)
Amortization of leased assets		(950)
Amortization of subscription-based I.T. arrangements		(3,625)
		<u>(60,448)</u>

Current-year pension and OPEB contributions are reclassified to deferred outflows of resources and prepayments on the statement of net position, and are therefore not a reduction of net position.

Current-year pension contributions	\$	53,055
Current-year OPEB contributions		127
		<u>53,182</u>

Current-year joint venture contributions are reclassified to an increase in the joint venture asset on the statement of net position, and are therefore not a reduction of net position.

	\$	334
		<u>334</u>

(continued)

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities

(in thousands)

<p>When subscription-based information technology arrangement (SBITA) assets are retired from tangible assets, an expense is recognized on the statement of activities</p>	<p>Retirement of SBITA capital asset</p> <p style="text-align: right;"><u>\$ (179)</u></p>
<p>When leases and subscription-based information technology arrangement assets (SBITAs) are retired, a loss is recognized on the statement of activities.</p>	<p>Lease retirements</p> <p>SBITA retirements</p> <p style="text-align: right;"><u>\$ (61)</u> <u>(3,094)</u> <u>\$ (3,155)</u></p>
<p>The State Treasurer distributes funding directly to the Public Safety Personnel Retirement System (PSPRS) that is used to offset the contributions required to be made by the city to the PSPRS. This amount is recognized as revenue by the city although no cash is received directly from the State Treasurer.</p>	<p style="text-align: right;"><u>\$ (470)</u></p>
<p>(5) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation expense charged for the year and the sale of capital assets.</p>	<p>Capital expenditures</p> <p>Depreciation expense</p> <p>Sale of capital assets</p> <p style="text-align: right;"><u>\$ 187,042</u> <u>(88,119)</u> <u>(507)</u> <u>\$ 98,416</u></p>
<p>Donations of capital assets are not capitalized on the governmental fund statements, but are included in the assets of the city. On the statement of activities the donations are shown as capital contributions.</p>	<p>Capital contributions</p> <p style="text-align: right;"><u>\$ 77,959</u></p>
<p>Amortization of deferred inflows of resources related to capital assets acquired by the city as a result of public-private partnerships are not shown in the governmental fund statements. On the statement of activities it is recorded as revenue.</p>	<p style="text-align: right;"><u>\$ 87</u></p>

(continued)

Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-wide Statement of Activities

(in thousands)

(6) Internal service funds are used by management to charge the costs of certain activities, such as insurance, computer equipment, and fleet management to the individual funds. The adjustments for internal service funds adjust those funds by charging/crediting additional amounts to participating governmental activities and recording an amount due to/from the enterprise funds.

Change in net position	\$ 13,930
Internal payable to Enterprise Fund	<u>(2,160)</u>
	<u>\$ 11,770</u>

(7) Interfund transactions between governmental activities are eliminated in the consolidation of these activities for the statement of activities. The elimination is reflected as a reduction of revenues and expenditures to eliminate the doubling up effect of these transactions within the governmental activities.

Reduction in revenues/capital contributions - Governmental Funds	\$ (1,543)
Reduction in expenditures/expenses - Governmental Funds	<u>\$ (1,543)</u>

(8) Repayment of principal and defeasance of bond principal via refunding bonds are reported as an expenditure or other financing use, respectively, in governmental funds. These payments have the effect of reducing fund balance because current financial resources have been used. For the government-wide statements; however, these payments reduce the liabilities in the statement of net position and do not result in an expense in the statement of activities.

Transferred to the paying agent	
Principal payments made	<u>\$ 81,447</u>

Interest expense in the statement of activities differs from the amount reported in governmental funds because additional interest was calculated for the amortization of deferred amounts on refundings, and reductions of interest expense were recognized due to the amortization of bond premiums.

Amortization of deferred charges on refundings	\$ (2,409)
Amortization of bond premiums and discounts	<u>4,120</u>
	<u>\$ 1,711</u>

Bond proceeds and the financing of leases, subscription-based information technology arrangements, and contracts payable are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. Proceeds were received from:

Lease acquisitions	\$ (1,978)
Subscription-based information technology arrangements	(11,944)
Contracts payable	<u>(1,876)</u>
	<u>\$ (15,798)</u>

When lease, subscription-based information technology arrangement (SBITA), and contract payable liabilities are retired, a gain is recognized on the statement of activities.

Retirement of lease liabilities	\$ 44
Retirement of SBITA liabilities	2,842
Retirement of contracts payable	<u>165</u>
	<u>\$ 3,051</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budget and Budgetary Accounting

The city prepared an annual budget that covered fiscal year 2024. The fiscal year 2024 budget appropriation is established and reflected in the financial statements as follows:

The city prepares its budget on a basis generally consistent with GAAP, with such exceptions as eliminating the adjustments for fair value of investments, payroll accruals, in-kind revenue and expenditure recognition activity, interest associated with leases, amortized lease revenue, accrued compensated absences, and GAAP entries associated with the financing or termination of leases, subscription-based information technology arrangements, public-private partnerships, long-term contracts payable, and for the accrual of the Maricopa County Qasimyar Settlement.

A budgetary comparison statement for the General Fund is presented in the basic financial statements. This statement displays original budget, amended budget, and actual results. Budgetary comparison schedules are also included as supplementary schedules for certain other governmental funds.

The City Council formally adopts the budget and legally allocates, or appropriates, available monies for the General Fund, certain special revenue funds (Transportation, Community Development Block Grant, HOME, Grants, Housing Choice Voucher Program, Preserve Privilege Tax, Streetlight Districts, Special Programs, Tourism Development, and Stadium Facility) and debt service funds (except for the Community Facilities Districts and the Debt Service Stabilization Funds); therefore, these funds have appropriated budgets, and budget to actual information is presented.

Community facilities districts funds, capital projects funds, enterprise funds, internal service funds, and permanent funds have non-appropriated budgets. Accordingly, no comparison of budget to actual is presented in the financial statements for these funds. Budgets for the Community Development Block Grant, HOME, Grants, and Housing Choice Voucher Program Funds are established pursuant to the terms of the related grant awards. Budgets for the community facilities districts are established in accordance with Arizona Revised Statutes, which do not require their inclusion in the city budget or adoption by the City Council. Budgets for capital projects funds are established for individual projects and unexpended funds are re-appropriated each year until the project is completed and capitalized. Budgets for enterprise funds and internal service funds are established to help departments control operational costs. Budgets for permanent funds are established in accordance with endowment requirements.

On or before the second regular council meeting in May, the City Manager submits to the City Council a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Three public hearings are held prior to the final budget adoption to obtain taxpayer comments.

In June, the budget is legally enacted through the passage of an ordinance. The ordinance sets the limit for expenditures during the fiscal year. Additional expenditures may be authorized beyond the limit for expenditures directly necessitated by a natural or man-made disaster as prescribed in the State Constitution, Article 9, Section 20. No supplemental budgetary appropriations were made to the original budget during fiscal year 2024.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The expenditure appropriations in the adopted budget are allocated by division. The maximum legal expenditure permitted for the fiscal year is the total budget as adopted. Divisional appropriations may be amended during the fiscal year.

Upon the recommendation of the City Manager and with the approval of the City Council: 1) transfers may be made from the appropriations for contingencies to divisions and 2) unexpended appropriations may be transferred from one division to another. Management control of budgets is further maintained at a line-item level within the division.

B. Excess of Expenditures over Appropriations

The Housing Choice Voucher Program Special Revenue Fund, Tourism Development Special Revenue Fund, and the Stadium Facility Special Revenue Fund exceeded their expenditure appropriation by \$1,584,000, \$3,000, and \$101,000 respectively. The additional expenditures incurred were funded by available fund balances within the respective funds.

C. Deficit Fund Equity

The HOME Special Revenue Fund, Grants Special Revenue Fund, and the External Sources Capital Project Fund had deficit ending fund balances of \$307,000, \$1,539,000, and \$32,417,000, respectively. These deficits were caused by timing differences from pending grant reimbursements and reimbursements from intergovernmental agreements. Revenue accruals are not recognized in the current fiscal year due to the unavailability of the funds. These pending reimbursements will be recognized as revenue when received or available.

The Streetlight Districts Special Revenue Fund, the McDowell Mountain Community Facilities District Special Revenue Fund, and the DC Ranch Community Facilities District Debt Service fund had deficit fund balances of \$79,000, \$132,000, and \$171,000, respectively due to the accrual for the Maricopa County Qasimyar Settlement. The deficit fund balances are expected to be resolved in the next fiscal year.

Preserve Privilege Tax Capital Projects Fund and General Obligation Bond Capital Projects Fund had deficit ending fund balances of \$4,000 and \$174,000 respectively, primarily due to timing differences of cash transfers for accruals and pending an upcoming bond issuance.

D. Fund Balance Classifications

The following table details the fund balance categories and classifications for Governmental Funds:

(in thousands)	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES							
Nonspendable							
Inventory	\$ 570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 570
Endowment Funds	-	-	-	-	-	644	644
Total Nonspendable	<u>570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644</u>	<u>1,214</u>
Restricted							
Property Tax for Debt Service	-	105	-	-	-	-	105
Transaction Privilege and Highway User Tax for Transportation Capital Improvements	-	-	-	113,558	-	-	113,558
External Contributions for Capital Improvements	-	-	-	-	2,471	-	2,471
GO Bond Proceeds for Capital Improvements	-	-	-	-	-	10,202	10,202
Transaction Privilege and Highway User Tax for Transportation Improvements	-	-	-	-	-	38,455	38,455
Federal Grants for the Community Development Block Grant Program	-	-	-	-	-	222	222
Federal Grants for Housing Choice Voucher Program	-	-	-	-	-	829	829
Transaction Privilege Tax for Preserve Land Purchase and Improvements	-	-	-	-	-	137,684	137,684
Property Tax for Community Facility Districts	-	-	-	-	-	52	52
Contributions for City Manager Special Events and Programs	-	-	-	-	-	4	4
Contributions for Mayor/City Council Special Events and Programs	-	-	-	-	-	10	10
Court Fees for City Court Improvements to Facilities and Operations	-	-	-	-	-	2,173	2,173
Contributions for City Court Jury Program Refreshments	-	-	-	-	-	12	12
Franchise Capital Recovery Fees to Offset Relocation Expenses	-	-	-	-	-	180	180
APS Improvement District Fees for Underground Utility Upgrades	-	-	-	-	-	33	33
Contribution for the Stormwater Drainage System	-	-	-	-	-	641	641
Contributions for Community and Economic Development	-	-	-	-	-	1	1
Disbursements from AZ State Crime Laboratory Assessment Fund for Crime Lab Services	-	-	-	-	-	156	156
Annual Payment from IGA with the SRP-MIC for Forensic Lab Services	-	-	-	-	-	396	396
Contributions for the Fire Department	-	-	-	-	-	12	12
Contributions for the Police Department	-	-	-	-	-	245	245
Fees for Police Department 30-Day Tow Program	-	-	-	-	-	279	279
Fees for Police Officer Safety Equipment	-	-	-	-	-	201	201
Contributions for the School Resource Officers Crisis Canine Program	-	-	-	-	-	47	47
Other Forfeitures for Police Department	-	-	-	-	-	10	10
Contributions for Paiute Neighborhood Center	-	-	-	-	-	7	7
Contributions for the Scottsdale Cares Program	-	-	-	-	-	234	234
Contributions for Human Services	-	-	-	-	-	11	11
Facility/Recreation Fees for Senior Center Special Programs	-	-	-	-	-	6	6
Golf Course Surcharge for TPC Turf Removal Projects	-	-	-	-	-	65	65
Contributions for Parks and Recreation	-	-	-	-	-	81	81
Contributions for the Libraries	-	-	-	-	-	42	42
Disbursements from Endowments for the Libraries	-	-	-	-	-	9	9
Disbursements from AZ Supreme Court for Smart and Safe Expungements	-	-	-	-	-	2	2
Disbursements from the Smart and Safe AZ Fund for the Fire Department	-	-	-	-	-	963	963
Disbursements from the Smart and Safe AZ Fund for the Police Department	-	-	-	-	-	2,057	2,057
Disbursements from the Opioid Settlement Funds for Human Services	-	-	-	-	-	2,110	2,110
Transient Occupancy Tax for Destination Marketing	-	-	-	-	-	7,213	7,213
Contributions for Stadium Operations	-	-	-	-	-	5,106	5,106
Stadium Surcharge for Debt Service	-	-	-	-	-	2,372	2,372
Endowment Funds	-	-	-	-	-	28	28
Total Restricted	<u>\$ -</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 113,558</u>	<u>\$ 2,471</u>	<u>\$ 212,150</u>	<u>\$ 328,284</u>

(continued)

(in thousands)	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Total Nonmajor Governmental Funds	Total Governmental Funds
FUND BALANCES							
Committed							
General Fund Contribution for Capital Improvements	\$ -	\$ -	\$ 155,247	\$ -	\$ -	\$ -	\$ 155,247
McCormick Railroad Park Improvements	-	-	299	-	-	-	299
In-Lieu Parking Fees for Parking Projects	-	-	494	-	-	-	494
In-Lieu Stormwater Fees for Drainage Improvements	-	-	232	-	-	-	232
Tourism Development Capital Projects	-	-	1,934	-	-	-	1,934
Court Capital Improvement Enhancement Projects	-	-	2,351	-	-	-	2,351
Forensic Science Intergovernmental Agreement Contribution	-	-	-	-	60	-	60
Risk Management Capital Improvement Contribution	-	-	30	-	-	-	30
Stormwater Utility Fee for Capital Improvements	-	-	11,150	-	-	-	11,150
Downtown Fees for Capital Improvements	-	-	1,102	-	-	-	1,102
Downtown Special Capital Improvements	-	-	3,047	-	-	-	3,047
Greater Airpark Special Capital Improvements	-	-	1,742	-	-	-	1,742
Scottsdale AZ CARES Capital Improvements	-	-	14	-	-	-	14
Special Event Parking for Capital Improvements	-	-	326	-	-	-	326
Court Enhancement Fees for Upgrades to Court Operations	-	-	-	-	-	4,083	4,083
Rent Fees for Loloma School Maintenance and Capital Improvements	-	-	-	-	-	132	132
In-Lieu Stormwater Fees for Area Drainage Master Studies	-	-	-	-	-	26	26
Downtown Cultural Program for Public Works of Art	-	-	-	-	-	2,102	2,102
Developer Contributions to the Airpark Cultural Trust for Public Works of Art	-	-	-	-	-	11	11
In-Lieu Fees for Public Improvement at Airpark	-	-	-	-	-	2,831	2,831
Rent Fees for the Community Arts Trust to Support the Loloma School	-	-	-	-	-	123	123
Historic Preservation Program for Rehabilitation of Buildings	-	-	-	-	-	353	353
License Fees for the Regulation of the Public Safety Pawn Shop Ordinance	-	-	-	-	-	287	287
Cadet Competition Fees for the Scottsdale Police Department Cadet Program	-	-	-	-	-	21	21
Sponsorship Fees for Events at the Senior Centers	-	-	-	-	-	80	80
Sponsorship Fees for Parks and Recreation Programming	-	-	-	-	-	2	2
Golf Course Surcharge for Silverado Golf Course Improvements	-	-	-	-	-	1,207	1,207
Retail Sale Revenue for McCormick Stillman Railroad Park Operations	-	-	-	-	-	738	738
Contribution for Habitat Improvements in the Preserve	-	-	-	-	-	344	344
Allocation of Youth Sports Fee for Maintenance/Improvements of Athletic Fields	-	-	-	-	-	689	689
Allocation of Aquatic Fee for Maintenance/Improvements of Aquatic Facilities	-	-	-	-	-	48	48
Retail Sale Revenue for Library Collection Materials	-	-	-	-	-	37	37
Attendee Fees for Westworld User Area Improvements	-	-	-	-	-	2,805	2,805
Transient Occupancy Tax for Tourism Development	-	-	-	-	-	8,231	8,231
Excise Tax for Debt Reserve	-	-	-	-	-	2,683	2,683
Total Committed	-	-	177,968	-	60	26,833	204,861
Unassigned	246,432	-	-	-	(34,948)	(14,725)	196,759
Total Fund Balances	<u>\$ 247,002</u>	<u>\$ 105</u>	<u>\$ 177,968</u>	<u>\$ 113,558</u>	<u>\$ (32,417)</u>	<u>\$ 224,902</u>	<u>\$ 731,118</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The City Council has adopted a financial policy to maintain an operating reserve for the following funds:

- General Fund equal to 20 percent of operating uses, excluding transfers out, to provide stability and flexibility to respond to unexpected events.
- Transportation, Non-major Special Revenue Fund equal to 10 percent of operating uses, excluding transfers out, to provide funding to address fluctuations in economic cycles and unexpected one-time operating requirements.
- Water and Sewer Utility Enterprise Fund equal to 25 percent of operating uses, excluding transfers out and debt service for emergencies, unexpected decline in revenues, and other unanticipated events.
- Airport Enterprise Fund equal to 25 percent of operating uses, excluding transfers out and debt service for emergencies, unexpected decline in revenues, and other unanticipated events.
- Solid Waste Enterprise Fund equal to 15 percent of operating uses, excluding transfers out and debt service for emergencies, unexpected decline in revenues, and other unanticipated events.

The City Council has adopted a financial policy to maintain the following additional reserves:

- General Fund Emergency Reserve of 5 percent of operating uses, excluding transfers out. The reserve is intended for unexpected emergencies and events where immediate action must be taken in the best interest of the city's residents and business owners.
- Water and Sewer Utility Enterprise Fund Asset Replacement Reserve equal to 2 percent of undepreciated book value of tangible fixed assets for repair and maintenance of critical infrastructure.
- General Obligation Bond Debt Service Fund Reserve of no more than 10 percent of the amount of annual principal and interest needed to service the outstanding debt.
- Debt Service Reserve for governmental debt supported by excise taxes, dedicated taxes, or revenues, at a minimum of 25 percent of the next fiscal year's debt service.
- Self-Insurance Reserve at a level that will adequately fund the city's financial obligations for the payment of property, workers' compensation, liability and health benefit losses equal to the actuary's 75 percent confidence level of projected total outstanding claims liability.

E. Net Position Restrictions

Only restrictions imposed by external sources are shown as restricted net position on the government-wide financial statements. The following restrictions apply to the Business-type Activities as of June 30, 2024:

Net Position Restrictions (in thousands)

Water and Sewer

Restricted for Joint Venture Construction Deposits	<u>\$</u> <u>4,907</u>
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Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The city maintains a cash and investment pool for use by most funds. The city holds unexpended General Obligation Bond construction proceeds received at issuance in separate investment accounts. Certain activities of the city's grant funds are also held in separate bank accounts, as well as the Community Facilities Districts and Municipal Property Corporation. The city's endowment funds have investments held separately by a trustee.

The city's investment policy, which is authorized by City Charter, ordinance, and trust agreements permits the city to invest in certain instruments. These instruments include certificates of deposit; repurchase agreements; highly rated commercial paper issued by corporations organized and doing business in the United States; money market mutual funds; highly rated corporate bonds/notes/asset-backed securities denominated in U.S. dollars; obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; bonds, notes or other evidences of indebtedness of this state or any of its counties, incorporated cities or towns, school districts, or special taxing districts; and the pooled investment funds established by the Office of the Arizona State Treasurer.

Deposits

As of June 30, 2024, the carrying amount of the city's deposits was \$158,786,069 and the bank balance was \$164,125,247. The \$5,339,178 difference represents outstanding checks, deposits in transit, and other reconciling items.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the city will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits are required to be fully collateralized per the city's investment policy. As of June 30, 2024, \$81,445,765 of the city's deposits was exposed to custodial credit risk and was uninsured and collateralized by securities held by the pledging bank's trust department not in the city's name.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the city will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The city's investment policy limits its exposure to custodial credit risk by requiring all security transactions entered into by the city be conducted on a delivery-versus-payment basis. Securities are to be held by a third-party custodian.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the city's investment policy limits the city's investment portfolio to maturities of five years or less from the date of purchase and the weighted average maturity of the overall investment portfolio to three years or less.

The following table summarizes the city's interest rate risk, based on maturity dates of various investments (in thousands):

Investment Type	Fair Value	Investment Maturities (in Years)				
		Less than 1	1 - 2	2 - 3	3 - 4	4 - 5
U.S. Government Securities	\$ 699,477	\$ 209,340	\$ 164,104	\$ 65,732	\$ 124,875	\$ 135,426
U.S. Government Agencies	194,172	66,212	68,581	47,188	12,191	-
U.S. Government Instrumentalities	8,682	8,682	-	-	-	-
Corporate Notes	119,494	42,816	70,830	5,848	-	-
Asset-Backed Securities	3,615	-	1,651	1,964	-	-
Total Investments	\$ 1,025,440	\$ 327,050	\$ 305,166	\$ 120,732	\$ 137,066	\$ 135,426

Credit Risk

Generally, credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. Credit risk is measured by the assignment of a rating by Nationally Recognized Statistical Rating Organizations (NRSROs). The city's investment policy limits its investments in:

- Obligations issued or guaranteed by the United States government or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities with a maximum maturity of five years
- Bonds, notes, or other evidence of indebtedness of this state or any of its counties, incorporated cities or towns, school districts or special taxing districts, which carry a minimum "AA-" or "Aa3" or equivalent rating by at least one NRSRO at the time of purchase with a maximum maturity of five years
- Fully insured or collateralized certificates of deposit and other evidence of deposit at banks and savings institutions placed in accordance with the procedures prescribed in Arizona Revised Statutes § 35-323.01 with a maximum maturity of 18 months from the time of purchase
- Negotiable or brokered certificates of deposit within the top two ratings by at least two NRSROs, at the time of purchase, and a maximum maturity of three years
- Commercial paper within the top two ratings of a NRSRO at the time of purchase, issued by corporations organized and doing business in the United States, and a maximum maturity of nine months
- Bonds, debentures, notes, or other evidence of indebtedness with a minimum "A" or better rating, at the time of purchase, from at least two NRSROs, and a maximum maturity of five years

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

- Repurchase agreements with a maximum maturity of 180 days
- Money market funds whose underlying investments are securities, which are allowed by state law and registered under the Investment Company Act of 1940

The city's investments in the investment types referenced above as of June 30, 2024, meet the aforementioned criteria. Presented below are the ratings, as determined by S&P (unless otherwise noted), as of June 30, 2024, for each investment type (in thousands):

Investment Type	Total	A-	A	A+	AA-	AA	AA+	AAAm	AAA	Exempt from Disclosure
U.S. Government Securities	\$ 699,477	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 699,477
U.S. Government Agencies	194,172	-	-	-	-	-	194,172	-	-	-
U.S. Government Instrumentalities	8,682	-	-	-	-	-	-	-	8,682	-
Corporate Notes	119,494	19,852	15,188	28,156	24,402	6,775	8,133	-	16,988	-
Asset-Backed Securities	3,615	-	-	-	-	-	-	-	3,615	-
Money Market Mutual Funds	26,890	-	-	-	-	-	-	26,890	-	-
Total Investments	\$ 1,052,330	\$ 19,852	\$ 15,188	\$ 28,156	\$ 24,402	\$ 6,775	\$ 202,305	\$ 26,890	\$ 29,285	\$ 699,477

Concentration of Credit Risk

The city's investment guidelines place the following limits on the amount that the city may invest in various security types:

Security Type	Maximum Percent of Portfolio
U.S. Treasury Obligations	80%
Federal Agency Obligations	80%
With One Agency	40%
Instrumentalities (Supranational Debt)	15%
With One Issuer	5%
Certificates of Deposit	20%
With One Financial Institution	5%
Negotiable Certificates of Deposit	20%
With One Issuer	5%
Commercial Paper	35%
With One Issuer	5%
Corporate Indebtedness	35%
With One Issuer	5%
Repurchase Agreements	75%
With One Counterparty	20%
Money Market Funds	35%
Arizona Investment Pool	35%
Municipal Obligations of State of AZ or Political Subdivisions	25%
With One Issuer	5%

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The following is a listing by issuer of the city's investments as of June 30, 2024:

(dollars in thousands)

Issuer	Investment Type	Fair Value	Percent of Holdings
United States Treasury	U.S. Govt. Securities	\$ 699,477	68.21%
Federal National Mortgage Association (FNMA)	U.S. Govt. Agencies	76,328	7.44%
Federal Farm Credit Bank (FFCB)	U.S. Govt. Agencies	8,529	0.83%
Federal Home Loan Bank (FHLB)	U.S. Govt. Agencies	50,483	4.92%
Federal Home Loan Mortgage Corporation (FHLMC)	U.S. Govt. Agencies	58,832	5.74%
Inter-American Development Bank	U.S. Govt Instrumentalities	8,682	0.85%
Adobe Inc.	Corporate Notes	8,053	0.79%
Amazon.com Inc.	Corporate Notes	5,721	0.56%
Apple Inc.	Corporate Notes	8,133	0.79%
Bank of America Co.	Corporate Notes	7,093	0.69%
Bristol-Myers Squibb Co.	Corporate Notes	4,465	0.44%
Cisco Systems Inc	Corporate Notes	8,358	0.82%
Deere & Company	Corporate Notes	3,286	0.32%
Exxon Mobil Corp.	Corporate Notes	4,406	0.43%
Home Depot Inc	Corporate Notes	554	0.05%
Intel Corporation	Corporate Notes	8,069	0.79%
JP Morgan Chase & Co.	Corporate Notes	5,878	0.57%
Microsoft Corp.	Corporate Notes	16,988	1.66%
Morgan Stanley	Corporate Notes	3,942	0.38%
Novartis AG	Corporate Notes	11,638	1.13%
Pepsico Inc.	Corporate Notes	8,472	0.83%
State Street Corp.	Corporate Notes	1,034	0.10%
Target Corp.	Corporate Notes	875	0.09%
Texas Instruments Inc	Corporate Notes	4,640	0.45%
The Bank Of New York Mellon Corp.	Corporate Notes	4,974	0.49%
Toyota Motor Corp.	Corporate Notes	1,860	0.18%
Wal-Mart Stores Inc.	Corporate Notes	1,055	0.10%
Carmax Auto Owner Trust	Asset-Backed Securities	402	0.04%
Discover Financial Services	Asset-Backed Securities	1,964	0.19%
Hyundai Auto Receivables	Asset-Backed Securities	490	0.05%
Toyota Motor Corp.	Asset-Backed Securities	759	0.07%
	Total Investments	\$ 1,025,440	100.00%

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Investments

Total city cash and investments at fair value are as follows (in thousands):

Cash on Hand	\$	18
Carrying Amount of City Deposits		158,786
Investments		1,052,330
Endowments		<u>672</u>
Total Cash and Investments	\$	<u><u>1,211,806</u></u>

The city categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The city has the following recurring fair value measurements as of June 30, 2024:

Investments Measured at Fair Value

(in thousands)

	Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Securities	\$ -	\$ 699,477	\$ -
U.S. Government Agencies	-	194,172	-
U.S. Government Instrumentalities	-	8,682	-
Corporate Notes	-	119,494	-
Asset-Backed Securities	-	3,615	-
	<u>\$ -</u>	<u>\$ 1,025,440</u>	<u>\$ -</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The following pricing methodologies are utilized to value the city's investments:

U.S. Government Securities	Evaluators gather information from market sources and integrate relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.
U.S. Government Agencies	A bullet (non-call) spread scale is created for each issuer for maturities going out to forty years; an Option Adjusted Spread (OAS) model is incorporated to adjust spreads of issues that have early redemption features; and final spreads are added to a U.S Treasury curve. A special cash discounting yield/price routine calculates prices from final yields to accommodate odd coupon payment dates typical of medium-term notes.
U.S. Government Instrumentalities	Evaluators gather information from market sources and integrate relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.
Corporate Notes	Evaluators gather information from market sources and integrate relative credit information, observed market movements, and sector news into the evaluated pricing applications and models.
Asset-Backed Securities	A single cash flow stream model is utilized.

Total city cash and investments as of June 30, 2024 are reported as follows (in thousands):

Primary Government	
Cash and Investments	\$ 1,096,091
Cash with Fiscal Agent	110,609
Other Restricted Cash	<u>5,106</u>
Total Cash and Investments	<u><u>\$ 1,211,806</u></u>

Investment income is comprised of the following for the fiscal year ended June 30, 2024 (in thousands):

Net Interest	\$ 33,483
Net Increase in the Fair Value of Investments	<u>19,988</u>
Total Net Investment Income	<u><u>\$ 53,471</u></u>

The net increase in the fair value of investments for the fiscal year was \$19,988,072. This amount takes into account all changes in fair value (realized and unrealized) that occurred during the fiscal year.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

B. Endowments

The city is the sole beneficiary of four permanent endowment funds, held and managed by the Arizona Community Foundation (Foundation). The endowment funds are managed in accordance with Arizona Revised Statute §10-11803, which governs the appropriation for expenditure or accumulation of endowment funds. The spending policy of the Foundation is communicated to the city annually. Distribution pursuant to the spending policy shall be based upon recommendation of the city, made by and through the City Council. As of June 30, 2024, the amount of donor-restricted endowment funds available for authorization and expenditure is \$27,700.

C. Receivables

Receivables as of June 30, 2024, for the government's individual major governmental funds, nonmajor governmental funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (in thousands):

Governmental Activities and Internal Service Funds

	General	General Obligation Bond Debt Service	General CIP Construction Capital Projects	Transportation Capital Projects	External Sources Capital Projects	Nonmajor and Other Funds	Total Governmental and Internal Service Funds
Receivables							
Property Taxes and Penalties							
Property	\$ 1,345	\$ 1,237	\$ -	\$ -	\$ -	\$ 51	\$ 2,633
Court	67,369	-	-	-	-	1,933	69,302
Subtotal Property Taxes and Penalties	<u>68,714</u>	<u>1,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,984</u>	<u>71,935</u>
Other Local Taxes							
Privilege	23,493	-	-	2,106	-	11,412	37,011
Transient Occupancy	-	-	-	-	-	2,307	2,307
State Shared Sales	1,152	-	-	-	-	-	1,152
Franchise Fee	3,339	-	-	-	-	90	3,429
Auto Lieu	477	-	-	-	-	-	477
Highway User	-	-	-	-	-	1,911	1,911
Subtotal Other Local Taxes	<u>28,461</u>	<u>-</u>	<u>-</u>	<u>2,106</u>	<u>-</u>	<u>15,720</u>	<u>46,287</u>
Intergovernmental/Grants	<u>-</u>	<u>-</u>	<u>4,724</u>	<u>15,814</u>	<u>34,500</u>	<u>13,447</u>	<u>68,485</u>
Interest and Other							
Interest	3,364	-	-	329	1	1,752	5,446
Leases	33,651	-	-	-	-	56	33,707
Miscellaneous	6,436	-	75	-	300	4,757	11,568
Subtotal Interest and Other	<u>43,451</u>	<u>-</u>	<u>75</u>	<u>329</u>	<u>301</u>	<u>6,565</u>	<u>50,721</u>
Gross Receivables	140,626	1,237	4,799	18,249	34,801	37,716	237,428
Less: Allowances for Uncollectibles	<u>(57,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,648)</u>	<u>(59,120)</u>
Net Total Receivables	<u>\$ 83,154</u>	<u>\$ 1,237</u>	<u>\$ 4,799</u>	<u>\$ 18,249</u>	<u>\$ 34,801</u>	<u>\$ 36,068</u>	<u>\$ 178,308</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The following agreements include governmental fund receivables that are not expected to be collected within the next year:

- The city has an improvement district for underground utilities with expected reimbursements from impacted property owners to pay \$322,495 with interest through November 2032.
- Through the use of Community Development Block Grant (CDBG) funds, the city issues Green Housing Rehabilitation Program loans to qualified Scottsdale homeowners. As of June 30, 2024, the loan balances totaled \$1,944,385, of which the majority is not expected to be collected within the next year.
- The city has an intergovernmental agreement with the Arizona State Land Department to reimburse the city for capital expenditures for street and drainage improvements of \$20,537,852 after the land on which the improvements were made is sold. This receivable is not expected to be collected within the next year.
- The city is a participant in the One Arizona Distribution of Opioid Settlement Funds agreement which is part of the nationwide Opioid Settlement. The city received \$2,411,516 through June 30, 2024, and anticipates receiving additional estimated payments of \$9,176,729 through 2038.
- The city has various long-term lease agreements and therefore the lease receivables are not expected to be collected within the next year.

Business-type Activities and Enterprise Funds

(in thousands)

	Water and Sewer Utility	Airport	Solid Waste	Total Enterprise Fund
Receivables				
Privilege Tax	\$ -	\$ 37	\$ -	\$ 37
Charges for Services	22,240	436	3,686	26,362
Intergovernmental	1,765	12	-	1,777
Interest	2,196	65	76	2,337
Lease	15	15,816	-	15,831
Public-Private Partnership	-	9,347	-	9,347
Miscellaneous	3,216	9	28	3,253
	<u>29,432</u>	<u>25,722</u>	<u>3,790</u>	<u>58,944</u>
Gross Receivables	29,432	25,722	3,790	58,944
Less: Allowances for Uncollectibles	(100)	-	(22)	(122)
Net Total Receivables	<u>\$ 29,332</u>	<u>\$ 25,722</u>	<u>\$ 3,768</u>	<u>\$ 58,822</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The following agreements include enterprise fund receivables that are not expected to be collected within the next year:

- The city has an intergovernmental agreement with the Arizona State Land Department to reimburse the city for capital expenditures for water and sewer improvements of \$1,565,043 after the land on which the improvements were made is sold. This receivable is not expected to be collected within the next year.
- Within the business-type activity the city has various long-term lease agreements and therefore the lease receivables are not expected to be collected within the next year.

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Additionally, governmental funds record unearned revenue when resources have been received, but not yet earned. At the end of the fiscal year, the various components of deferred inflows and unearned revenue reported in the governmental funds were as follows (in thousands):

	<u>Unavailable</u>	<u>Unearned</u>
Property Tax	\$ 1,580	\$ -
Transient Occupancy Tax	237	-
Court	3,724	-
Privilege Occupancy Tax	6,862	-
Intergovernmental	67,093	7,464
Other	4,732	2,303
Total	<u>\$ 84,228</u>	<u>\$ 9,767</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows (in thousands):

Governmental Activities	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated/amortized				
Land	\$ 3,451,209	\$ 47,172	\$ -	\$ 3,498,381
Construction in Progress	142,756	183,006	(96,714)	229,048
Total Capital Assets, not being depreciated/amortized	<u>3,593,965</u>	<u>230,178</u>	<u>(96,714)</u>	<u>3,727,429</u>
Capital Assets, being depreciated/amortized				
Buildings and Land Improvements	896,496	19,991	(5,080)	911,407
Streets and Storm Drains	2,028,606	55,009	(79)	2,083,536
Motor Vehicles	97,142	11,342	(4,692)	103,792
Machinery and Equipment*	91,366	18,818	(1,961)	108,223
Lease Buildings and Land Improvements	2,733	-	-	2,733
Lease Motor Vehicles	1,342	793	(598)	1,537
Lease Machinery and Equipment	615	1,330	-	1,945
Public-Public Partnership Buildings and Land Improvements	61,206	29,185	-	90,391
Subscription-Based I.T. Arrangements	10,851	14,323	(6,828)	18,346
Total Capital Assets, being depreciated/amortized	<u>3,190,357</u>	<u>150,791</u>	<u>(19,238)</u>	<u>3,321,910</u>
Less Accumulated depreciation:				
Buildings and Land Improvements	445,198	26,562	(4,789)	466,971
Streets and Storm Drains	1,347,464	56,066	(37)	1,403,493
Motor Vehicles	54,780	9,319	(4,252)	59,847
Machinery and Equipment*	53,653	7,699	(1,751)	59,601
Less Accumulated amortization:				
Lease Buildings and Land Improvements	1,080	262	-	1,342
Lease Motor Vehicles	683	362	(423)	622
Lease Machinery and Equipment	144	330	-	474
Public-Public Partnership Buildings and Land Improvements	5,514	6,381	-	11,895
Subscription-Based I.T. Arrangements	5,474	3,740	(3,734)	5,480
Total Accumulated depreciation/amortization	<u>1,913,990</u>	<u>110,721</u>	<u>(14,986)</u>	<u>2,009,725</u>
Total Capital Assets, being depreciated/amortized, net	<u>1,276,367</u>	<u>40,070</u>	<u>(4,252)</u>	<u>1,312,185</u>
Governmental Activities Capital Assets, net	<u>\$ 4,870,332</u>	<u>\$ 270,248</u>	<u>\$ (100,966)</u>	<u>\$ 5,039,614</u>

*The Machinery and Equipment category beginning balance was increased by \$6,940 and accumulated depreciation increased by \$3,210 due to a prior period adjustment for the implementation of GASB Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*.

(in thousands):

Business-type Activities	Beginning Balance, as restated	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated/amortized				
Land	\$ 52,781	\$ -	\$ -	\$ 52,781
Water Rights	87,171	-	-	87,171
Construction in Progress	68,889	98,469	(66,973)	100,385
Total Capital Assets, not being depreciated/amortized	<u>208,841</u>	<u>98,469</u>	<u>(66,973)</u>	<u>240,337</u>
Capital Assets, being depreciated/amortized				
Water System	1,480,437	63,199	(5,727)	1,537,909
Sewer System	717,460	34,180	(467)	751,173
Buildings and Land Improvements	141,942	2,463	(309)	144,096
Machinery and Equipment*	11,054	1,182	(2,776)	9,460
Motor Vehicles	1,151	-	(523)	628
Furniture, Fixtures, and Office Equipment	1,954	26	(145)	1,835
Lease Machinery and Equipment	116	47	-	163
Subscription-Based I.T. Arrangements	318	35	(196)	157
Total Capital Assets, being depreciated/amortized	<u>2,354,432</u>	<u>101,132</u>	<u>(10,143)</u>	<u>2,445,421</u>
Less Accumulated depreciation:				
Water System	681,106	41,625	-	722,731
Sewer System	327,340	19,766	-	347,106
Buildings and Land Improvements	41,660	5,459	(225)	46,894
Machinery and Equipment*	6,390	879	(2,640)	4,629
Motor Vehicles	894	43	(309)	628
Furniture, Fixtures, and Office Equipment	1,208	246	(142)	1,312
Less Accumulated amortization:				
Lease Machinery and Equipment	18	29	-	47
Subscription-Based I.T. Arrangements	158	96	(196)	58
Total Accumulated depreciation/amortization	<u>1,058,774</u>	<u>68,143</u>	<u>(3,512)</u>	<u>1,123,405</u>
Total Capital Assets, being depreciated/amortized, net	<u>1,295,658</u>	<u>32,989</u>	<u>(6,631)</u>	<u>1,322,016</u>
Business-type Activities Capital Assets, net	<u>\$ 1,504,499</u>	<u>\$ 131,458</u>	<u>\$ (73,604)</u>	<u>\$ 1,562,353</u>

*The Machinery and Equipment category beginning balance was increased by \$524 and accumulated depreciation increased by \$153 due to a prior period adjustment for the implementation of GASB Implementation Guide No. 2021-1, *Implementation Guidance Update - 2021*.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Depreciation/amortization expense was charged to functions/programs of the primary government as follows (in thousands):

Governmental Activities	
City Clerk	\$ 2
City Auditor	1
City Attorney	20
City Court	50
City Manager	48
Public Works	63,692
Community and Economic Development	3,106
Public Safety	6,949
City Treasurer	236
Community Services	20,186
Administrative Services	4,668
Scottsdale AZ Cares	117
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	<u>11,646</u>
Total Depreciation/Amortization Expense - Governmental Activities	<u><u>\$ 110,721</u></u>
Business-type Activities	
Water and Sewer System	\$ 62,427
Airport	5,377
Solid Waste	<u>339</u>
Total Depreciation/Amortization Expense - Business-type Activities	<u><u>\$ 68,143</u></u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Construction Commitments

The city has active construction projects as of June 30, 2024. At year end the government's commitments with contractors for specific projects are as follows (in thousands):

Capital Project Program Classification	Spent to Date	Remaining Commitment
Aviation	\$ 1,683	\$ 1,263
Drainage and Flood Control	593	3,060
Fire Protection	15,997	13,604
Municipal Facilities	8,518	17,753
Neighborhood and Community	8,727	1,775
Parks	20,087	33,727
Police	10,729	6,186
Preservation	430	262
Streets	108,291	32,657
Technology	4,181	10,371
Traffic	337	175
Transit	598	1,219
Wastewater	27,234	16,973
Water	68,087	27,039
Total Construction Commitments	\$ 275,492	\$ 166,064
Governmental Activities		
General CIP Construction Capital Projects Fund	\$ 42,908	\$ 45,562
Transportation Privilege Tax Fund	92,069	27,015
External Sources Fund	11,591	6,221
Nonmajor Governmental Funds	27,063	28,594
Internal Service Funds	1,958	10,330
Total Governmental Activities	175,589	117,722
Business-type Activities		
Water and Sewer Utility	97,574	45,370
Airport	1,684	1,263
Solid Waste	645	1,709
Total Business-type Activities	99,903	48,342
Total Construction Commitments	\$ 275,492	\$ 166,064

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

E. Interfund Balances and Interfund Transfers

Due To and Due From Other Funds

“Due to” and “Due from” balances have been recorded to address temporary cash flow needs. The composition of interfund balances as of June 30, 2024, is as follows (in thousands):

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 30,958	External Sources Capital Project Fund	\$ 30,958
General Fund	1,495	Nonmajor Governmental Funds	1,495
Total	<u>\$ 32,453</u>	Total	<u>\$ 32,453</u>

The External Sources Capital Project Fund, HOME Special Revenue Fund, Grant Special Revenue Fund and Streetlights Special Revenue Fund had deficit cash balances of \$30,958,000, \$307,000, \$1,178,000, and \$10,000, respectively, due to pending reimbursements from intergovernmental agreements, grants, and timing difference of property tax revenues respectively.

Interfund Transfers

Transfers are used to fund capital projects and debt service, to administer other operations, and for indirect administrative cost allocations (including in-lieu franchise fees) charged to Enterprise Funds.

Net Transfers (in thousands)

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds		
General	\$ 89,108	\$ 17,957
Debt Service - General Obligation Bond	-	35,464
Capital Projects - General CIP Construction	1,719	93,623
Capital Projects - Transportation	-	35,189
Capital Projects - External Sources	1,000	20
Nonmajor Governmental Funds	103,315	22,502
Total Governmental Funds	<u>195,142</u>	<u>204,755</u>
Enterprise Funds		
Water and Sewer Utility	9,652	-
Total Enterprise Funds	<u>9,652</u>	<u>-</u>
Internal Service Funds		
Self-Insurance	29	68
Total Internal Service Funds	<u>29</u>	<u>68</u>
Total Transfers	<u>\$ 204,823</u>	<u>\$ 204,823</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

F. Leases

City as Lessee

The city, as a lessee, has entered into lease agreements involving a baseball facility, printing and imaging equipment, a street sweeper and accompanying transport trailer, motor vehicles, a distributed antenna system, water quality monitoring and treatment equipment, park equipment, a data center facility space, situational awareness cameras, and a document inserter. The city subleases the baseball facility to a professional baseball team. The payments related to the park equipment are based on a percentage of revenue earned by the city and are therefore not included in the measurement of the lease liability. This amount totaled \$374,160 for the fiscal year ended June 30, 2024. The city also made \$65,708 of payments on a month-to-month basis after the conclusion of motor vehicle leases; these payments were excluded from the measurement of the lease liability.

The total of the city's lease assets are recorded at a cost of \$6,378,000 less accumulated amortization of \$2,485,000.

The future lease payments under lease agreements are as follows (in thousands):

	Leases		
	Principal	Interest	Total
2025	\$ 1,007	\$ 228	\$ 1,235
2026	1,006	161	1,167
2027	652	100	752
2028	328	64	392
2029	110	44	154
2030-2034	102	196	298
2035-2039	155	170	325
2040-2044	205	135	340
2045-2049	276	89	365
2050-2054	272	28	300
Total	<u>\$ 4,113</u>	<u>\$ 1,215</u>	<u>\$ 5,328</u>

City as Lessor

The city, as a lessor, has entered into lease agreements involving land, baseball facilities, airport facilities, and building space. The baseball facility is leased from the City of Phoenix and subleased to a professional baseball team. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$11,871,176. This total includes \$7,770, 245 of variable and other payments not previously included in the measurement of the lease receivable.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

G. Subscription-Based Information Technology Arrangements

The city has obtained the right to use various desktop and server software, cloud backup services, payroll and human resources software, and other intangible right-to-use software under the provisions of various subscription-based information technology arrangements (SBITAs).

The total of the city's subscription assets are recorded at a cost of \$18,503,000, less accumulated amortization of \$5,538,000.

The future subscription payments under SBITA agreements are as follows (in thousands):

	Subscriptions		
	Principal	Interest	Total
2025	\$ 2,446	\$ 571	\$ 3,017
2026	2,485	441	2,926
2027	1,758	298	2,056
2028	1,864	192	2,056
2029	1,342	81	1,423
Total	<u>\$ 9,895</u>	<u>\$ 1,583</u>	<u>\$ 11,478</u>

In addition to the amounts presented above, the city also had outflows of resources during the fiscal year totaling \$1,047,731 that were not included in the measurement of the subscription liability. This total consists of a \$51,000 variable amount that is based on the number of licenses used by the city related to the remote location court appearance software. Additionally, \$996,731 for payments related to arrangements that either have interminable subscriptions terms or that are prepaid and otherwise meet SBITA recognition criteria but have a subscription term of less than two years.

The city has committed to SBITAs involving web content management system software, an enterprise resource planning system, a permitting/code enforcement system, and a lobby management system. These SBITAs are currently being implemented, and the city has paid a total of \$2,406,617 related to these agreements. These outflows were recorded as prepayments as of June 30, 2024.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

H. Public-Public Partnerships and Public-Private Partnerships

City as Operator

The city, as the operator, has entered into the following public-public partnerships (PPPs) with the United States Bureau of Reclamation (BOR):

Land use agreement at Westworld. Under the agreement, the city operates and develops the land where the city's WestWorld operation is located for a period of 50 years (through July 28, 2032) (with a mutual option to renew for an additional 25 years). The city entered into this agreement to develop the WestWorld facility for public recreation use and to enhance its revenue stream from rentals, concession sales, and parking fees. The city pays the BOR annually and has recognized an intangible right-to-use asset with a net book value of \$63,653,697 at fiscal year-end, which includes land improvements paid for by the city, and a related liability in the amount of \$1,823,581. A discount rate of four percent was used to calculate the liability.

Recreational land use agreement at Tournament Players Club. Under the agreement, the city operates and develops the land where the city's Tournament Players Club (TPC) operation is located for a period of 50 years (through June 17, 2035) (with a mutual option to renew for an additional 25 years). The city entered into this agreement to develop the TPC complex for public recreation use and to enhance its revenue stream from facility usage fees and rentals. The city pays the BOR annually and has recognized an intangible right-to-use asset with a net book value of \$14,842,291 at fiscal year-end, which includes land improvements paid for by the city, and a related liability in the amount of \$2,544,228. A discount rate of four percent was used to calculate the liability.

The future payments under PPP agreements are as follows (in thousands):

	PPPs		
	Principal	Interest	Total
2025	\$ 284	\$ 175	\$ 459
2026	318	163	481
2027	355	150	505
2028	394	137	531
2029	436	121	557
2030-2034	2,222	317	2,539
2035	359	14	373
Total	<u>\$ 4,368</u>	<u>\$ 1,077</u>	<u>\$ 5,445</u>

City as Transferor

The city, as the transferor, has entered into public-private partnerships (PPPs) with the following operators:

Two fixed-base operators (FBOs) at Scottsdale Airport. Under the agreements, the FBOs have the right to operate the Airport facilities and provide aeronautical services such as flight instruction, aircraft charter service, and aircraft storage for periods of 30 years (through November 4, 2031) (with an option for the operator to extend for an additional 10 years) for one operator and 40 years, (through January 31, 2059) for the other.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The FBOs pay the city monthly, and the city has recognized a PPP receivable and a related deferred inflow of resources involving these agreements. Additionally, the operators have made improvements totaling \$44,918,300 that are recognized as an asset by the city. The carrying value of these improvements at fiscal year-end is \$24,760,248 and the city reports a deferred inflow of resources at year-end pursuant to the public-private partnership agreement. There are additional improvements that were in progress as of June 30, 2024, that will be conveyed to the city upon their completion (scheduled for fiscal year 2025). As of June 30, 2024, the combined PPP receivable and deferred inflow of resources were reported in the amounts of \$9,347,387 and \$34,712,145, respectively. A discount rate of four percent was used to calculate the PPP receivable.

Food services operator at Westworld. Under the agreement, the Westworld operator has the right to use city facilities, such as kitchens and certain related areas, for the preparation of food and alcohol for immediate consumption at Westworld for a period of one year. This agreement was originally scheduled to expire on June 30, 2024; however, it was extended on a month-to-month basis upon the cessation of the original term. The Westworld operator pays a percentage fee based on its sales; this fee totaled \$941,401 for the fiscal year ended June 30, 2024.

Concession services operator at Scottsdale Stadium. Under the agreement, the Scottsdale Stadium (Stadium) operator has the right to provide concession services, alcoholic beverage services, and catering services on an exclusive basis during certain Stadium events for a period of five years (through December 31, 2025) (with a mutual option to renew for up to two additional five-year periods). The Stadium operator pays a percentage fee based on its sales; this fee totaled \$305,715 for the fiscal year ended June 30, 2024.

Facility operator at the Silverado Golf Course. Under the agreement, the Silverado Golf Course (Silverado) operator has the right to use Silverado to operate the golf course and provide related ancillary services, such as the operation of a pro-shop and clubhouse; the provision of golfing and golf course management instruction; and the operation of conference, banquet, restaurant, and meeting facilities within the clubhouse for a period of 35 years (through April 14, 2032) (with an option for the operator to extend for up to two additional 10-year periods). Additionally, the operator has made improvements totaling \$2,725,775 that are recognized as an asset by the city. The carrying value of these improvements at year-end is \$1,390,145, and the city reports a deferred inflow of resources in the amount of \$2,415,647 at year-end pursuant to the public-private partnership agreement. The Silverado operator pays a percentage fee based on its sales; this fee totaled \$366,479 for the fiscal year ended June 30, 2024.

Facility operator at The Scottsdale Center for the Performing Arts, Scottsdale Civic Center, and The Scottsdale Museum of Contemporary Art. Under the agreement, the Scottsdale Center for the Performing Arts, Scottsdale Civic Center, and Scottsdale Museum of Contemporary Art (city-owned facilities) operator has the right to manage, operate, and program each of the city-owned facilities; related tasks include scheduling, booking, promoting, administering, and creating and presenting exhibitions, events, and programs at the city-owned facilities for a period of five years (through June 30, 2025) (with a mutual option to renew for one additional five-year period). The city-owned facilities operator pays a percentage fee based on its sales; this fee totaled \$27,773 for the fiscal year ended June 30, 2024.

In total, the city had inflows of \$1,641,368 from variable payments not included in the measurement of the city's receivable for installment payments.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

I. Bonds, Loans, and Other Payables

The following are brief descriptions of bonds outstanding as of June 30, 2024. The totals shown are the principal amount outstanding, net of the amount due July 1, 2024.

General Obligation Bonds

General Obligation (GO) bonds are issued, after approval by City of Scottsdale voters at an authorized bond election, to finance the construction of water and sewer systems, artificial lighting, parks and open spaces, recreational facilities, public safety, and general-purpose improvements. In May 2004, voters authorized \$500,000,000 of additional Preservation GO bonds, as well as an additional 0.15 percent sales tax increase to be used to finance Preserve land acquisitions. As of June 30, 2024, the city has \$256,544,516 of unissued Preservation GO bonds from the May 2004 authorization. Preservation GO bonds are backed by the full faith and credit of the city and are repaid through the Preserve sales tax approved by voters in May 1995 and May 2004 to be used specifically to finance land acquisitions for the McDowell Sonoran Preserve. As of June 30, 2024, the city has \$186,091,600 of unissued various purpose GO bonds that were authorized in November 2019.

Municipal Property Corporation Bonds

The City of Scottsdale Municipal Property Corporation (MPC) is a non-profit corporation created by the city in 1967 to finance the construction or acquisition of certain capital improvement projects. The MPC issues its own bonds, which are repaid through the city's excise tax collections and other unrestricted revenues. The use of property taxes to repay these bonds is specifically prohibited by law. These bonds are recorded as both governmental and business-type activities long-term debt. A portion of the 2006 MPC Excise Tax Revenue Refunding Bonds, a portion of the 2015A MPC Excise Tax Revenue Bonds, the 2015 MPC Excise Tax Revenue Refunding Bonds, the 2017 MPC Excise Tax Revenue Refunding Bonds, the 2017A MPC Excise Tax Revenue Bonds, the 2021A MPC Excise Tax Revenue Refunding Bonds, and a portion of the 2021B MPC Taxable Excise Tax Revenue Refunding Bonds are recorded in and paid by the Water and Sewer Enterprise Fund. The 2017B MPC Excise Tax Revenue Bonds are recorded in and paid by the Airport Enterprise Fund.

The city has pledged to repay \$557,684,252 in MPC Excise Tax Revenue Bonds issued from 2006 through June 30, 2024, payable through 2039. Bonds issued prior to July 1, 2010, were pledged by revenues that included transient occupancy tax while bonds issued after this date exclude transient occupancy tax. The coverage ratio (revenues to debt service) for 2024 for MPC bonds is 6.78 (excluding the transient occupancy tax). The total principal and interest remaining to be paid on all MPC bonds is \$423,537,154. Principal and interest paid for the current year and total excise tax collections (excluding transient occupancy taxes) were \$48,995,708 and \$332,395,354, respectively.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The MPC bond issuances, for both governmental and business-type activities, contain the following provisions that would constitute an event of default by the city:

- Non-punctual payment of principal or interest
- Default in the performance or observance of any covenant, agreement, or condition in the indenture or in the bonds not cured within 30 days of notice of default. The city is also considered to be in default if the issue is not curable within 30 days and corrective action is not diligently pursued to the satisfaction of the trustee within 30 days
- Bankruptcy, insolvency, and/or receivership
- Default on any bonds which are on a parity basis with the bonds in question

If any of the events of default transpire, the MPC bond trustee may file a suit or suits in equity or at law and appoint a receiver to collect and properly disburse pledged MPC revenues for debt service payments. Any amounts recovered through such proceedings shall be paid first to the costs and expenses incurred by the trustee, its agents, attorneys and counsel, and of all proper expenses, liabilities and advances incurred or made by the trustee or any registered owner(s) of the bonds in question. If a residual amount were to remain, it would be applied to the then-owed or unpaid amount related to the bonds. If insufficient funds were to exist, the residual amount would be allocated on a pro-rata basis to the then-owed or unpaid amount related to the bonds.

Community Facilities Districts General Obligation Bonds

Community Facilities District General Obligation Bonds are issued by Community Facilities Districts (CFDs), which are special taxing districts created to provide a funding mechanism to finance construction, acquisition, operation, and maintenance of public infrastructure that benefits real property within the CFD. CFD bonds are repaid by ad valorem taxes levied directly by the districts and collected by the county. Property owners in the districts are assessed for district taxes and thus for all costs associated with the districts. The city has no liability for CFD bonds.

CFDs are created only by petition to the City Council by property owners within the district areas. As the Board of Directors for the CFDs, the City Council has adopted a formal policy that CFD 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 to 1 prior to issuance of debt and 5 to 1 or higher after construction of improvements. These ratios are verified by an appraisal paid for by the CFD and administered by the city.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Failure to pay the principal and interest when due and payable would constitute an event of default by the city in relation to any of the CFD bond issuances. If such an event of default transpires, the CFD bond trustee may pursue all remedies in law and equity. The following provisions apply only to the 2019 Waterfront Commercial CFD Refunding Bonds:

- Default in the performance or observance of any covenant, agreement, or obligation not cured within 30 days of notice of default. No event of default will be deemed to have occurred so long as a course of action has been commenced within 30 days and is diligently prosecuted to completion
- Any representation or warranty by the District that proves to have been materially incorrect when made or confirmed
- Bankruptcy, insolvency, and/or receivership
- Default and/or acceleration of payment of any other District indebtedness
- Actual or asserted invalidity or impairment of the District Documents or the Series 2019 Bonds

If any non-punctual payment of principal or interest occurs, the Waterfront CFD bond trustee may recover the costs and expenses of administration and collection related to the unpaid amounts. Additionally, the Waterfront CFD bond trustee shall be entitled to a writ of mandamus compelling performance.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Bonds payable as of June 30, 2024, consisted of the following:

Classified in Governmental Activities on the Government-wide Financial Statements:

General Obligation Bonds	Bonds Outstanding (in thousands)
2014 Preservation Bonds (issued May 7, 2014) due in annual installments of \$465,000 to \$945,000 through July 1, 2034; interest at 1.75 percent to 4 percent. On December 30, 2020, \$6,690,000 due 2027 through 2034 was defeased. Original issue amount \$14,000,000.	\$ 1,430
2015 Refunding Bonds (issued April 2, 2015) due in annual installments of \$500,000 to \$30,565,000 through July 1, 2034; interest at 3 percent to 4 percent. On December 30, 2020, \$3,290,000 due 2029 through 2034 was refunded. Original issue amount \$160,415,000.	38,505
2017A Preservation Bonds (issued March 8, 2017) due in annual installments of \$1,825,000 to \$2,545,000 through July 1, 2034; interest at 4 percent to 5 percent. Original issue amount \$17,410,000.	17,410
2017 Refunding Bonds (issued May 17, 2017) due in annual installments of \$1,055,000 to \$5,525,000 through July 1, 2034; interest at 3 percent to 5 percent. Original issue amount \$39,985,000.	30,090
2017C Various Purpose Bonds (issued December 6, 2017) due in annual installments of \$1,690,000 to \$6,800,000 through July 1, 2027; interest at 5 percent. Original issue amount \$25,500,000.	7,180
2020 Taxable Refunding Bonds (issued December 30, 2020) due in annual installments of \$2,155,000 to \$33,150,000 through July 1, 2034; interest at 0.15 percent to 1.64 percent. Original issue amount \$168,220,000.	151,475
2021 Various Purpose Bonds (issued February 10, 2021) due in annual installments of \$1,135,000 to \$1,965,000 through July 1, 2040; interest at 2 percent to 4 percent. Original issue amount \$31,390,000.	26,450
2021 Various Purpose Taxable Bonds (issued February 10, 2021) due in annual installments of \$325,000 to \$1,195,000 through July 1, 2040; interest at 1.35 percent to 3 percent. Original issue amount \$19,770,000.	16,860
2023 Various Purpose Bonds (issued February 1, 2023) due in annual installments of \$1,475,000 to \$1,975,000 through July 1, 2042; interest at 4 percent to 5 percent. Original issue amount \$34,175,000.	32,200
2023 Various Purpose Taxable Bonds (issued February 1, 2023) due in annual installments of \$1,975,000 to \$2,525,000 through July 1, 2042; interest at 4.30 percent to 5 percent. Original issue amount \$39,530,000.	37,510
Total General Obligation Bonds Outstanding	<u>\$ 359,110</u>

Some of the above General Obligation Bonds are paid from the 0.2 percent and 0.15 percent Preservation Sales Taxes.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

	Bonds Outstanding (in thousands)
Municipal Property Corporation Bonds	
2006 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued November 29, 2006) due in annual installments of \$1,200,000 to \$4,975,000 through July 1, 2034; interest at 5 percent. Original issue amount \$55,450,000.	\$ 35,040
2014 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued May 29, 2014) due in annual installments of \$1,730,000 to \$3,040,000 through July 1, 2027; interest at 1.75 percent to 5 percent. Original issue amount \$22,735,000.	7,125
2015A Municipal Property Corporation Excise Tax Revenue Bonds (issued January 6, 2015) due in annual installments of \$205,000 to \$865,000 through July 1, 2034; interest at 3 percent to 5 percent. On February 17, 2021, \$685,000 due in 2027 was refunded. Original issue amount \$12,200,000.	6,795
2015A Municipal Property Corporation Taxable Excise Tax Revenue Bonds (issued January 6, 2015) due in annual installments of \$275,000 to \$1,025,000 through July 1, 2034; interest at 2 percent to 4 percent. Original issue amount \$14,615,000.	8,690
2019A Municipal Property Corporation Excise Tax Revenue Bonds (issued October 23, 2019) due in annual installments of \$205,000 to \$645,000 through July 1, 2039; interest at 3 percent to 5 percent. Original issue amount \$9,275,000.	7,735
2019B Municipal Property Corporation Taxable Excise Tax Revenue Bonds (issued October 23, 2019) due in annual installments of \$940,000 to \$2,125,000 through July 1, 2039; interest at 1.85 percent to 2.9 percent. Original issue amount \$33,275,000.	26,640
2021B Municipal Property Corporation Taxable Excise Tax Revenue Refunding Bonds (issued February 17, 2021) due in annual installments of \$330,000 to \$9,410,000 through July 1, 2035; interest at 0.14 percent to 1.91 percent. Original issue amount \$71,325,000.	<u>61,490</u>
Total Municipal Property Corporation Bonds Outstanding	<u>\$ 153,515</u>

	Bonds Outstanding (in thousands)
Community Facilities Districts General Obligation Bonds - Direct Placements	
2012 DC Ranch Community Facilities District General Obligation Refunding Bonds (issued September 18, 2012) due in annual installments of \$555,000 to \$1,245,000 through July 15, 2027; interest at 3.41 percent. Original issue amount \$14,670,000.	\$ 3,615
2019 Waterfront Commercial Community Facilities District General Obligation Refunding Bonds (issued November 14, 2019) due in annual installments of \$172,000 to \$225,000 through July 15, 2032; interest at 2.47. Original issue amount \$2,563,000.	<u>1,658</u>
Total Community Facilities Districts General Obligation Bonds - Direct Placements	<u>\$ 5,273</u>
Total Bonds Payable Recorded in Governmental Activities	<u>\$ 517,898</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Classified in Business-type Activities on the Government-wide Financial Statements:

	Bonds Outstanding (in thousands)
Municipal Property Corporation Bonds	
2006 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued November 29, 2006) due in annual installments of \$3,600,000 to \$10,140,000 through July 1, 2030; interest at 5 percent. Original issue amount \$110,510,000.	\$ 32,995
2015A Municipal Property Corporation Excise Tax Revenue Bonds (issued January 6, 2015) due in annual installments of \$310,000 to \$1,305,000 through July 1, 2034; interest at 3 percent to 5 percent. On February 17, 2021, \$1,040,000 due in 2027 was refunded. Original issue amount \$18,485,000.	10,295
2015 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued March 26, 2015) due in annual installments of \$3,788,459 to \$5,822,479 through July 1, 2028; interest at 5 percent. On February 17, 2021, \$11,257,479 due 2027 through 2028 was refunded. Original issue amount \$46,811,731.	10,140
2017 Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued March 1, 2017) due in annual installments of \$2,015,000 to \$12,630,000 through July 1, 2036; interest at 3 percent to 5 percent. On February 17, 2021, \$38,350,000 due 2031 through 2033 and 2035 through 2036 was defeased. Original issue amount \$79,970,000.	37,340
2017A Municipal Property Corporation Excise Tax Revenue Bonds (issued May 24, 2017) due in annual installments of \$1,080,000 to \$2,730,000 through July 1, 2037; interest at 3 percent to 5 percent. Original issue amount \$39,065,000.	29,155
2017B Municipal Property Corporation Excise Tax Revenue Bonds (issued May 24, 2017) due in annual installments of \$645,000 to \$1,655,000 through July 1, 2037; interest at 3 percent to 5 percent. Original issue amount \$23,520,000.	17,600
2021A Municipal Property Corporation Excise Tax Revenue Refunding Bonds (issued February 17, 2021) due in a single installment of \$7,920,000 on July 1, 2030; interest at 5 percent. Original issue amount \$7,920,000.	7,920
2021B Municipal Property Corporation Taxable Excise Tax Revenue Refunding Bonds (issued February 17, 2021) due in annual installments of \$145,000 to \$12,750,000 through July 1, 2036; interest at 0.14 percent to 1.96 percent. Original issue amount \$63,860,000.	<u>59,095</u>
Total Municipal Property Corporation Bonds Outstanding	<u>\$ 204,540</u>
Total Bonds Payable Recorded in Business-type Activities	<u>\$ 204,540</u>
Total Long-Term Bonds Payable	<u>\$ 722,438</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Statutory Debt Limitation

Under the provisions of Article 9, Section 8 of the Arizona Constitution, outstanding General Obligation (GO) bonded debt (including outstanding “excess premium,” as defined in Arizona Revised Statutes Title 35, Chapter 3, Articles 3 and 4) issued for water, sewers, artificial light, parks, playgrounds and recreational facilities, open space preserves, public safety facilities, and streets and transportation facilities may not exceed 20 percent of a city’s assessed valuation. Outstanding GO bonded debt for all other purposes may not exceed 6 percent of a city’s assessed valuation. GO bonds of community facilities districts are not subject to or included in this calculation. The following summarizes the city’s legal GO bonded debt borrowing capacity as of June 30, 2024:

General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety Facilities, and Streets and Transportation Facilities		General Obligation Bonds Issued for All Other Purposes	
20% Constitutional Limit	\$	2,278,851,130	6% Constitutional Limit
Less General Obligation			\$ 683,655,339
20% Bonds Outstanding		(351,404,000)	Less General Obligation
Excess Premium		(12,192,677)	6% Bonds Outstanding
			(7,706,000)
			Excess Premium
			(880,964)
Available 20% Limitation			Available 6% Limitation
Borrowing Capacity	\$	1,915,254,453	Borrowing Capacity
			\$ 675,068,375

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986, is subject to arbitrage rebate requirements. The requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds which exceed related interest expenditures on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The city used an independent consultant to evaluate the city’s outstanding tax-exempt debt for arbitrage liability and determined that there is no arbitrage liability due as of June 30, 2024.

Advance Refundings and Defeasances

In prior years, the city refinanced other bond issues through the issuance of refunding bonds. The proceeds from the refunding bonds have been deposited in irrevocable trusts at commercial banks and invested in U.S. Government securities which, together with interest earned thereon, will provide amounts sufficient for future redemption or payment of principal and interest of the issues refunded. As a result, the refunded bonds are considered defeased and the liability has been removed from the governmental and business-type activities columns of the financial statements.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The following table reflects refunded debt outstanding as of June 30, 2024, net of any amounts to be paid or retired by the trustee on July 1, 2024 (in thousands):

Refunded Debt Outstanding

2015 GO Refunding Bonds	\$	3,290
2015A MPC Excise Tax Revenue Bonds		1,725
2015 MPC Excise Tax Revenue Refunding Bonds		36,435
2017 MPC Excise Tax Revenue Refunding Bonds		38,350
	\$	<u>79,800</u>

Contracts Payable

The city has entered into contracts related to the financing of an underground utility facilities improvement district, field maintenance equipment, and I.T. hardware equipment. The following is a summary of debt service to maturity for the long-term contracts as of June 30, 2024:

Classified in Governmental Activities on the Government-wide Financial Statements:

	Contracts Payable - Direct Borrowings	
	<u>(in thousands)</u>	
Contract payable to PNC Bank for the financing of an underground utility facilities improvement district; due in annual installments through 2033; interest at 5.72 percent.	\$	245
Contract payable to John Deere Financial for the financing of field maintenance equipment; due in annual installments through 2027; interest at 2.99 percent.		84
Contract payable to Axon Enterprise, Inc. for the financing of I.T. hardware equipment; due in annual installments through 2027 interest at 6.00 percent.		<u>1,457</u>
	\$	<u>1,786</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the fiscal year ended June 30, 2024 (in thousands):

Governmental Activities	Beginning Balance	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable					
General Obligation Bonds	\$ 419,615	\$ -	\$ (60,505)	\$ 359,110	\$ 55,595
Municipal Property Corporation Bonds	167,450	-	(13,935)	153,515	14,445
Community Facilities Districts General Obligation Bonds - Direct Placements	6,583	-	(1,310)	5,273	1,355
Add Issuance Premiums	28,683	-	(4,120)	24,563	-
Total Bonds Payable	<u>622,331</u>	<u>-</u>	<u>(79,870)</u>	<u>542,461</u>	<u>71,395</u>
Contracts Payable - Direct Borrowings	1,083	1,876	(1,173)	1,786	403
Leases	2,947	1,990	(940)	3,997	974
Public-Public Partnerships	4,620	-	(252)	4,368	284
Subscriptions	4,363	11,944	(6,496)	9,811	2,405
Risk Management Claims	21,145	40,552	(40,739)	20,958	10,235
Compensated Absences	33,145	14,643	(14,522)	33,266	16,222
Total Other Postemployment Benefit Liability	699	164	-	863	-
Net Pension Liabilities	<u>327,796</u>	<u>-</u>	<u>(8,915)</u>	<u>318,881</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 1,018,129</u>	<u>\$ 71,169</u>	<u>\$ (152,907)</u>	<u>\$ 936,391</u>	<u>\$ 101,918</u>

Internal service funds serve primarily the governmental funds, the long-term liabilities of which are included as part of the governmental activities. For the fiscal year ended June 30, 2024, \$449,000 of accrued compensated absences is included in the above amount for internal service funds. For the governmental activities, the General Fund, special revenue funds, and internal service funds generally liquidate accrued compensated absences, the total OPEB liability, and the net pension liabilities. The compensated absences presented in this note are net of the current liability of \$78,000 in the governmental funds.

Business-type Activities	Beginning Balance	Additional Obligations and Net Increases	Current Maturities, Retirements, and Net Decreases	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Municipal Property Corporation Bonds	\$ 226,540	\$ -	\$ (22,000)	\$ 204,540	\$ 17,450
Add Issuance Premiums	15,891	-	(2,126)	13,765	-
Total Bonds Payable	<u>242,431</u>	<u>-</u>	<u>(24,126)</u>	<u>218,305</u>	<u>17,450</u>
Leases	96	47	(27)	116	33
Subscriptions	144	35	(95)	84	41
Compensated Absences	4,563	2,242	(2,406)	4,399	2,197
Net Pension Liabilities	34,729	-	(1,450)	33,279	-
Pollution Remediation Obligation	<u>45,599</u>	<u>-</u>	<u>(413)</u>	<u>45,186</u>	<u>-</u>
Business-type Activities Long-Term Liabilities	<u>\$ 327,562</u>	<u>\$ 2,324</u>	<u>\$ (28,517)</u>	<u>\$ 301,369</u>	<u>\$ 19,721</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Debt Service Requirements to Maturity

The following is a summary of debt service requirements to maturity for long-term liabilities as of June 30, 2024:

Governmental Activities
(in thousands)

Fiscal Year	General Obligation Bonds Issued to Provide Water, Sewers, Artificial Light, Parks, Playgrounds and Recreational Facilities, Open Space Preserves, Public Safety Facilities, and Streets and Transportation Facilities			General Obligation Bonds Issued For All Other Purposes			Total General Obligation Bonds		
	20% Limitation			6% Limitation					
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 55,177	\$ 9,716	\$ 64,893	\$ 418	\$ 296	\$ 714	\$ 55,595	\$ 10,012	\$ 65,607
2026	41,876	8,673	50,549	424	277	701	42,300	8,950	51,250
2027	36,979	7,528	44,507	431	258	689	37,410	7,786	45,196
2028	35,701	6,325	42,026	439	238	677	36,140	6,563	42,703
2029	26,394	5,216	31,610	446	218	664	26,840	5,434	32,274
2030-2034	109,632	16,591	126,223	2,328	791	3,119	111,960	17,382	129,342
2035-2039	31,961	5,920	37,881	2,369	360	2,729	34,330	6,280	40,610
2040-2044	13,684	1,005	14,689	851	53	904	14,535	1,058	15,593
2045-2049	-	-	-	-	-	-	-	-	-
2050-2054	-	-	-	-	-	-	-	-	-
Total	\$ 351,404	\$ 60,974	\$ 412,378	\$ 7,706	\$ 2,491	\$ 10,197	\$ 359,110	\$ 63,465	\$ 422,575

Fiscal Year	Municipal Property Corporation Bonds			Leases			Community Facilities Districts General Obligation Bonds - Direct Placements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2025	\$ 14,445	\$ 4,398	\$ 18,843	\$ 974	\$ 219	\$ 1,193	\$ 1,355	\$ 164
2026	15,020	3,958	18,978	971	155	1,126	1,400	120	1,520
2027	15,680	3,532	19,212	625	96	721	1,445	74	1,519
2028	16,450	3,092	19,542	313	63	376	204	27	231
2029	17,805	2,654	20,459	104	44	148	209	21	230
2030-2034	58,275	7,189	65,464	102	196	298	660	33	693
2035-2039	15,840	1,223	17,063	155	170	325	-	-	-
2040-2044	-	-	-	205	135	340	-	-	-
2045-2049	-	-	-	276	89	365	-	-	-
2050-2054	-	-	-	272	28	300	-	-	-
Total	\$ 153,515	\$ 26,046	\$ 179,561	\$ 3,997	\$ 1,195	\$ 5,192	\$ 5,273	\$ 439	\$ 5,712

Fiscal Year	Public-Public Partnerships			Subscriptions			Contracts Payable - Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
	2025	\$ 284	\$ 175	\$ 459	\$ 2,405	\$ 567	\$ 2,972	\$ 403	\$ 102
2026	318	163	481	2,442	439	2,881	423	79	502
2027	355	150	505	1,758	298	2,056	434	55	489
2028	394	137	531	1,864	192	2,056	435	30	465
2029	436	121	557	1,342	81	1,423	38	4	42
2030-2034	2,222	317	2,539	-	-	-	53	3	56
2035-2039	359	14	373	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-	-	-	-
2045-2049	-	-	-	-	-	-	-	-	-
2050-2054	-	-	-	-	-	-	-	-	-
Total	\$ 4,368	\$ 1,077	\$ 5,445	\$ 9,811	\$ 1,577	\$ 11,388	\$ 1,786	\$ 273	\$ 2,059

(continued)

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Governmental Activities (in thousands)

Fiscal Year	Total Governmental Activities		
	Principal	Interest	Total
2025	\$ 75,461	\$ 15,637	\$ 91,098
2026	62,874	13,864	76,738
2027	57,707	11,991	69,698
2028	55,800	10,104	65,904
2029	46,774	8,359	55,133
2030-2034	173,272	25,120	198,392
2035-2039	50,684	7,687	58,371
2040-2044	14,740	1,193	15,933
2045-2049	276	89	365
2050-2054	272	28	300
Total	\$ 537,860	\$ 94,072	\$ 631,932

Business-type Activities (in thousands)

Fiscal Year	Municipal Property Corporation Bonds			Subscriptions			Leases		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 17,450	\$ 7,240	\$ 24,690	\$ 41	\$ 4	\$ 45	\$ 33	\$ 9	\$ 42
2026	18,440	6,427	24,867	43	2	45	35	6	41
2027	19,465	5,561	25,026	-	-	-	27	4	31
2028	20,445	4,894	25,339	-	-	-	15	1	16
2029	17,430	4,175	21,605	-	-	-	6	-	6
2030-2034	84,810	9,841	94,651	-	-	-	-	-	-
2035-2039	26,500	1,299	27,799	-	-	-	-	-	-
Total	\$ 204,540	\$ 39,437	\$ 243,977	\$ 84	\$ 6	\$ 90	\$ 116	\$ 20	\$ 136

Fiscal Year	Total Business-type Activities		
	Principal	Interest	Total
2025	\$ 17,524	\$ 7,253	\$ 24,777
2026	18,518	6,435	24,953
2027	19,492	5,565	25,057
2028	20,460	4,895	25,355
2029	17,436	4,175	21,611
2030-2034	84,810	9,841	94,651
2035-2039	26,500	1,299	27,799
Total	\$ 204,740	\$ 39,463	\$ 244,203

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

V. OTHER INFORMATION

A. Risk Management

The city is exposed to various risks of loss related to public and aviation liability, self-insured benefits, workers' compensation, and property and casualty claims. Public liability includes public officials' errors and omissions, law enforcement liability, premises liability, and automobile and general liability. The city is self-insured for the first \$2,000,000 of public liability, the first \$100,000 of property coverage, the first \$325,000 of health benefits claims for an individual in a fiscal year, and the first \$1,000,000 of workers' compensation claims. Coverage in excess of these respective amounts is provided through the purchase of commercial insurance. As for claim expenditures, settlements for each of the past three fiscal years have not exceeded the city's excess insurance coverage amounts for any claims.

The city reports its self-insurance activity in the Self-Insurance Internal Service Fund. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

The liability claims amount recorded in the accompanying financial statements is based on reported pending claims and an actuarial analysis and projection of the accrued liability amounts necessary to fund the claims. As of June 30, 2024, the city's general, worker's compensation, auto and property liabilities claims payable totaled \$18,251,000 and the self-insured benefits claims payable totaled \$2,707,000.

	Fiscal Year Ended June 30 (in thousands)	
	2024	2023
Claims Payable, July 1	\$ 21,145	\$ 26,029
Current Year Claims Incurred	40,552	36,284
Current Year Claim Payments	(40,739)	(41,168)
Claims Payable, June 30	\$ 20,958	\$ 21,145

B. Contingent Liabilities

The city is subject to a number of lawsuits, investigations, and other claims that are incidental to its normal operations. Although the outcome of these lawsuits is not presently determinable, in the opinion of city management, based on advice of the City Attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the city. The city is self-insured for the first \$2,000,000 of public liability, coverage in excess of this amount is provided through the purchase of commercial insurance. For more information on the city's self-insurance, refer to Note V.A. above.

The city has entered into several agreements whereby it will reimburse developers a portion of development costs, interest, or sales tax generated on their site for a period of time and up to a maximum dollar amount. Depending on the terms of the agreement, the city does not become liable for payment until certain milestones are met. The city's estimated contingent liability related to these agreements as of June 30, 2024, is \$43.3 million.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

C. Subsequent Events

In July 2024, the MPC Board approved the redemption in advance of maturity the remaining \$7,125,000 of the MPC Excise Tax Revenue Refunding Bonds, Series 2014. The bonds were redeemed in August 2024.

D. Joint Ventures

Sub-Regional Operating Group (SROG)

The city participates in the multi-city Subregional Operating Group (SROG). SROG was formed pursuant to the Joint Exercise of Powers Agreement (JEPA) to govern the construction, operation, and maintenance of jointly used sewage treatment and transportation facilities. The facilities include the 91st Avenue Wastewater Treatment Plant, the Salt River Outfall Sewer, the Southern Avenue Interceptor, and related transportation facilities. The City of Phoenix acts as lead agency and is responsible for the planning, budgeting, construction, operation, and maintenance of the facilities. In addition, the City of Phoenix provides all management, personnel, financing arrangements, and accepts federal grants on behalf of the participants. The JEPA requires each city to pay for its share of the actual cash costs of operating and maintaining the facilities based on relative sewage flows and strengths.

The city records its share of SROG's cash deposits, operating revenues, operating expenses, and its equity in the joint venture in the City's Water and Sewer Fund. For the fiscal year ended June 30, 2023, the latest audited information available from SROG, the city's net investment in SROG was \$76,966,000 or 13.18 percent of the equity balance. For the fiscal year ended June 30, 2024, the city paid \$975,506 in contributions, shared in estimated revenues of \$2,677,612, estimated shared expenditures of \$12,553,961, resulting in a total estimated equity balance as of June 30, 2024, of \$63,158,217 and cash deposits of \$4,906,940.

The Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023, for SROG (the latest SROG Annual Comprehensive Financial Report available) may be obtained from the Finance Department, City of Phoenix, Calvin C. Goode Building, Ninth Floor, 251 West Washington Street, Phoenix, AZ 85003.

Regional Wireless Cooperative (RWC)

The city participates in the Regional Wireless Cooperative (RWC), an association of municipalities formed in 2008 to oversee the administration, operation, management, and maintenance of an expanding regional communications network. The RWC was formed through an intergovernmental governance structure founded on the principles of cooperation for the mutual benefit of all members and has expanded to serve a still-growing list of cities, towns, and fire districts, along with many other area entities who serve public safety needs. A regional radio communications network was built to seamlessly serve the interoperable communication needs of first responders and other municipal radio users in and around the Greater Phoenix Metropolitan Region. Financial responsibilities are shared by all members based on their relative size as measured by the number of subscriber units (radios) on the network. The City of Phoenix is responsible for the day-to-day operations and maintenance of the network, as well as the management of the RWC's organization and finances.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The city records its share of contributions to the RWC, third party contributions paid to the RWC for the benefit of the city, and equity in the joint venture in the city's proprietary funds and government-wide financial statements. The equity balance as of June 30, 2023, the latest audited information available from RWC, was \$3,333,306 or 6.36 percent of the RWC's total net position. The city contributed \$368,449 for the fiscal year ended June 30, 2024, and shared in estimated depreciation expenses of \$592,431, resulting in an estimated equity balance as of June 30, 2024, of \$3,109,324. The RWC Annual Comprehensive Financial Statement is available from the Regional Wireless Cooperative, 200 West Washington Street, 14th Floor, Phoenix, Arizona, 85003-1611.

E. Pollution Remediation

In the proprietary funds financial statements, a long-term pollution remediation obligation is recognized for the remaining remediation period. In 1981, groundwater contamination was discovered when elevated levels of trichloroethylene (TCE) and other volatile organic chemicals were detected in two active city wells and three future wells. The city immediately shut down the affected wells. Following an investigation by the Environmental Protection Agency (EPA), the North Indian Bend Wash (NIBW) site which includes the five wells above was placed on the federal Superfund list in 1983.

The Superfund law was enacted to provide funding and regulatory authority for the study and cleanup of contaminated sites. The EPA, in conjunction with the State of Arizona, directs the cleanup of the NIBW site that encompasses a groundwater contamination plume in Scottsdale.

Following its investigation, the EPA identified three companies, Motorola Solutions Inc. (MSI), SMI Holdings, LLC, formerly Siemens Corporation, and GlaxoSmithKline Corporation, as the primary parties potentially responsible for causing the contamination and directed the companies to pay the costs associated with the cleanup. In 1991, the city, EPA, State of Arizona, Salt River Project (SRP), and the above-referenced participating companies entered a Consent Decree in order to begin the containment and remediation of the contaminated groundwater plume and provide Scottsdale citizens with a potable water source. The companies agreed to pay for the construction and operation of the Central Groundwater Treatment Facility (CGTF), an air stripping plant that removes contaminants from the affected wells. As the CGTF operator and drinking water provider, the city ensures the water produced by the plant meets all federal and state water quality standards before water is delivered into the city's distribution system. An Amended Consent Decree was signed by all parties in 2003 to capture additional voluntary and required work at the NIBW Site. No additional obligations were identified for the city.

To facilitate groundwater sustainability and plume management, in 2012 the city voluntarily entered into an agreement with MSI to operate an additional groundwater treatment facility that would be designed and constructed to deliver treated water to the Chaparral Water Treatment Plant (CWTP). The North Indian Bend Wash Granular Activated Carbon Treatment Facility (NGTF) was completed in late 2013 and began delivery of water to the CWTP in August 2014. The facility is a granular activated carbon plant that is owned by MSI but operated and maintained by the city to treat a well owned by SRP. The type of treatment chosen was due to the lower concentration of contaminants in the well. All costs are reimbursed to the city by MSI.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The measurement of the city's pollution remediation obligation liability includes all remediation work that the city expects to perform, including work expected to be performed for the participating companies. To estimate the CGTF liability, 17 projected cash flows, based on the prior 17 years of historical costs and weighted equally, were used to calculate an average annual cost. To estimate the NGTF liability, eleven projected cash flows, based on the prior eleven years of historical costs and weighted equally, were used to calculate an average annual cost. These average costs were then projected over the remaining remediation period of 50 years for the CGTF and the NGTF. The EPA estimated in its September 2011 review that future remediation will be required for approximately 50-70 years at each site. The most recent five-year EPA review, released in November 2022, did not quantify the remedial time needed to achieve aquifer restoration.

Improvements in technology and changes in laws or regulations did not impact the average annual cost. The liability is revalued annually. The fiscal year 2024 reimbursable outlays for operating and monitoring the CGTF were \$677,577 and for the NGTF were \$226,143. The city has a reimbursement agreement with the responsible parties and the total liability is expected to be fully recovered by the participating companies and therefore a corresponding pollution remediation recoveries receivable has been accrued.

In September 2023, under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), 42 U.S.C. §§ 9601-9675, the United States Environmental Protection Agency (EPA) identified the City of Scottsdale and another party as potentially responsible parties for soil vapor contamination (chlorinated solvents) at the North Indian Bend Wash Superfund Site, Area 7. Upon completion of a Remedial Investigation and Feasibility Study, the EPA will choose a remedy for the site. The potential remedies vary greatly in scope and cannot be reasonably estimated until the completion of the study.

F. Related Organization

The Industrial Development Authority (IDA) is a non-profit corporation established by the city and granted incorporation by the Arizona Corporation Commission in 1984. The primary function of the IDA is to promote the retention, expansion, and attraction of businesses and commercial enterprises in Scottsdale. The City Council appoints the Board of Directors of the IDA and is also involved in granting and denying IDA bond applications.

G. Pension, Retirement, and Other Postemployment Benefit Plans

All eligible employees of the city, including the Mayor and the City Council, are covered by one of four pension plans. All full-time city employees, except public safety personnel (police officers and firefighters) and the Mayor and City Council, participate in the Arizona State Retirement System, a cost-sharing multiple-employer defined benefit pension plan. All public safety personnel participate in the Public Safety Personnel Retirement System, which consists of both an agent multiple-employer defined benefit pension plan and a defined contribution plan. The Mayor and City Council participate in either the Elected Officials' Retirement Plan (a cost-sharing multiple-employer defined benefit pension plan) or the Elected Officials' Defined Contribution Retirement System (a defined contribution plan). The city contributes to the Elected Officials' Retirement Plan; however, the plan is not described below because of its relative insignificance to the financial statements. All plans are component units of the State of Arizona.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

In addition to pension benefits, the city provides other postemployment benefits (OPEB) to Public Safety Personnel Retirement System accidental disability retirees through the city's self-insured health plan. The benefit terms are the same as those afforded to active employees; however, retirees participating in the Plan are required to pay 100 percent of the blended actuarial rate.

A summary of pension and other postemployment benefit related items as of and for the year-ended June 30, 2024 is presented below (in thousands):

<u>Plan Description</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Deferred Outflows of Resources			
PSPRS - Police	\$ 58,212	\$ -	\$ 58,212
PSPRS - Fire	35,939	-	35,939
ASRS	17,750	4,571	22,321
OPEB - City	490	-	490
Total	<u>\$ 112,391</u>	<u>\$ 4,571</u>	<u>\$ 116,962</u>
Liabilities			
PSPRS - Police	\$ 156,510	\$ -	\$ 156,510
PSPRS - Fire	34,470	-	34,470
ASRS	127,901	33,279	161,180
OPEB - City	863	-	863
Total	<u>\$ 319,744</u>	<u>\$ 33,279</u>	<u>\$ 353,023</u>
Deferred Inflows of Resources			
PSPRS - Police	\$ 2,368	\$ -	\$ 2,368
PSPRS - Fire	2,674	-	2,674
ASRS	8,069	2,099	10,168
OPEB - City	1,903	-	1,903
Total	<u>\$ 15,014</u>	<u>\$ 2,099</u>	<u>\$ 17,113</u>
Pension/OPEB Expense			
PSPRS - Police	\$ 24,454	\$ -	\$ 24,454
PSPRS - Fire	10,076	-	10,076
EODCRS - Elected	17	-	17
ASRS	14,410	4,136	18,546
OPEB - City	(110)	-	(110)
Total	<u>\$ 48,847</u>	<u>\$ 4,136</u>	<u>\$ 52,983</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Arizona State Retirement System

General Information about the Pension Plan

Plan Description

All eligible city employees, except public safety personnel and the Mayor and City Council, participate in the Arizona State Retirement System (ASRS). ASRS administers a cost-sharing multiple-employer defined benefit pension plan. ASRS was established by the State of Arizona to provide pension benefits for employees of the State and participating political subdivisions and school districts. ASRS is administered in accordance with Title 38, Chapter 5, Articles 2 and 2.1 of the Arizona Revised Statutes (ARS). ASRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to ASRS Financial Services Division, 3300 North Central Avenue, Phoenix, AZ 85012, or by visiting <https://www.azasrs.gov/content/annual-reports>. The ASRS other postemployment benefit plans are not further disclosed due to their relative insignificance to the financial statements.

Benefits Provided

ASRS provides retirement and survivor benefits. State statute establishes benefits terms. A member may retire upon meeting the following age and service requirements:

<u>Initial Membership Date</u>			
<u>Pre-July 1, 2011</u>		<u>July 1, 2011 and after</u>	
<u>Age</u>	<u>Years of Service</u>	<u>Age</u>	<u>Years of Service</u>
65	N/A	65	N/A
62	10	62	10
Age plus years of service total 80		60	25
		55	30

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The retirement benefit is based on a percentage of average monthly compensation (benefit multiplier) multiplied by the years of credited service. The compensation generally does not include lump sum payments on termination of employment for accumulated vacation leave, sick leave, compensation time pay, termination incentive pay, or any other form of termination pay (see discussion of pre-January 1, 1984, members below). The benefit multiplier percentage and average monthly compensation are defined in the following schedules:

<u>Years of Service</u>	<u>Multiplier</u>
0.00-19.99 years	2.10%
20.00-24.99 years	2.15%
25.00-29.99 years	2.20%
30.00 or more years	2.30%

<u>Membership Date</u>	<u>Average Monthly Compensation</u>
Pre-July 1, 2011	36 consecutive months of highest compensation within final 120 months of service
July 1, 2011 and after	60 consecutive months of highest compensation within final 120 months of service

Members who began participation in the Plan prior to January 1, 1984, may choose to have average monthly compensation determined based upon the period of 60 consecutive months during which the member receives the highest compensation within the last 120 months of service, including lump sum payments as described above. Members who attain age 50 with at least five years of total credited service may take an early retirement; however, the amount of their retirement benefit is actuarially reduced.

Survivor benefits are applicable if death occurs prior to retirement, and are payable, at the option of the beneficiary, by either of the following methods:

1. A lump sum equal to the sum of (a) and (b):
 - a. the sum of the member's combined (member and employer) accumulated contribution balance with compound interest at a rate determined by the board through the day of the payment of the benefit, and
 - b. the amount of the member's combined (member and employer) accumulated account, along with any supplemental credits transferred from the System (closed portion of ASRS) to the Plan with compound interest at a rate determined by the board through the day of the payment of the benefit.
2. The beneficiary may elect to receive a monthly income, in the single life form, which is actuarially equivalent to the lump sum above.

Retirees who have been retired one year are eligible for a permanent benefit increase (PBI) up to a maximum of 4 percent. The PBI is paid from a reserve of "Excess Investment Earnings." If there are no "Excess Investment Earnings" in reserve, then no PBI is paid. Further, PBI enhancements (EPBI) provide retired members with at least ten years of service who have been retired five or more years an additional benefit. For each complete 5-year period the member has been retired, an incremental benefit is paid if monies to pay the benefit are available. This benefit is funded by an interest credit of 8 percent of the reserve for future PBIs. Due to legislation enacted in the 2013 legislative session, PBIs and EPBIs will not be awarded to members hired on or after September 13, 2013.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Contributions

The ARS provide statutory authority for determining the employees' and employers' contribution amounts as a percentage of the city's covered payroll. Although the statutes prescribe the basis for making the actuarial calculation, the Arizona legislature is authorized to approve a contribution rate other than the actuarially determined rate. Employees were required to contribute 12.14 percent of their annual pay for the fiscal year ended June 30, 2024, and the city's required contribution rate was 12.03 percent during the same period. In addition, the city was required by statute to contribute at the actuarially determined rate of 9.94 percent of annual covered payroll of retired members who worked for the city in positions that would typically be filled by an employee who contributes to the ASRS. The required contribution rate for the fiscal year ended June 30, 2024, was actuarially determined to yield contribution amounts sufficient to finance costs earned by employees during the year and to amortize the Plan's unfunded actuarially accrued liability over the period specified in the statutes. Contributions to the pension plan by the city amounted to \$17,223,000 for the fiscal year ended June 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2024, the city reported a liability of \$161,180,137 for its proportionate share of the collective net pension liability of the ASRS. The collective net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of June 30, 2022. Update procedures were used to roll forward the total pension liability to the measurement date. The city's proportion of the collective net pension liability was based on the city's proportionate share of accrued contributions to the pension plan relative to the contributions of all participating entities for the fiscal year ended June 30, 2023. As of June 30, 2023, the city's proportion was 0.99608 percent, which was a decrease of 0.04392 percent under its proportion measured as of June 30, 2022.

For the fiscal year ended June 30, 2024, the city recognized a collective pension expense of \$18,546,413. As of June 30, 2024, the city reported a collective deferred outflow of resources and a collective deferred inflow of resources related to pensions from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,642	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	5,702
Changes in proportion and differences between city contributions and proportionate share of contributions	1,456	4,466
City contributions subsequent to the measurement date	17,223	-
Total	\$ 22,321	\$ 10,168

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The \$17,223,000 reported as a collective deferred outflow of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as a collective deferred outflow of resources and a collective deferred inflow of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal year ending June 30:

2025	\$	(1,847)
2026		(8,661)
2027		6,146
2028		(708)
2029		-
Thereafter		-

Actuarial Assumptions

The total pension liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2022
Actuarial roll forward date	June 30, 2023
Actuarial cost method	Entry age normal
Amortization method	
Plan amendments	Immediate
Investment gain/loss	Five years
Assumption gain/loss	Average remaining service lives
Experience gain/loss	Average remaining service lives
Proportion/proportionate share gain/loss	Average remaining service lives
Asset valuation	Fair value
Discount rate	7.0%
Projected salary increases	2.9-8.4%
Inflation	2.3%
Permanent benefit increase	Included
Mortality rates	2017 SRA Scale U-MP

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The ASRS Board adopted the experience study recommended changes which were first applied to the June 30, 2021, actuarial valuation.

The expected long-term rate of return on ASRS pension plan investments was determined to be 4.66 percent (excluding investment expense and inflation) using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the expected long-term rate of return by weighting the expected future real rates of return by the target asset allocation percentage. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Asset Class	Target Asset Allocation	Real Return Geometric Basis	Long-Term Contribution to Expected Real Return
Public Equity	44%	3.50%	1.54%
Credit	23%	5.90%	1.36%
Real Estate	17%	5.90%	1.00%
Private Equity	10%	6.70%	0.67%
Interest Rate Sensitive	6%	1.50%	0.09%
Total	<u>100%</u>		<u>4.66%</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made on the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the city's proportionate share of the collective net pension liability calculated using the discount rate of 7.0 percent, as well as what the city's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate (in thousands):

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the collective net pension liability	\$ 241,424	\$ 161,180	\$ 94,271

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. The financial statements of ASRS are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America that apply to government accounting of fiduciary funds issued by the Governmental Accounting Standards Board. Benefits and refunds are recognized when due and payable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Cash and short-term investments generally include cash, foreign currencies, short-term investment funds, and U.S. Treasury bills that mature within one year. These investments are reported at cost. Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System

General Information about the Pension Plan

Plan Description

All the city's sworn public safety personnel participate in the Public Safety Personnel Retirement System (PSPRS). PSPRS administers both an agent multiple-employer defined benefit pension plan and a defined contribution plan. The defined contribution plan is only available to police department members who became a member on or after July 1, 2017, and fire department members who became a member on or after January 1, 2012. The defined benefit and defined contribution pension plans are administered in accordance with Title 38, Chapter 5, Articles 4 and 4.1, respectively, of the Arizona Revised Statutes (ARS). PSPRS acts as a common investment and administrative agent that is jointly administered by the Board of Trustees (the Board) and 231 local boards. PSPRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016, calling (602) 255-5575, or by visiting: <https://www.psprs.com/investments--financials/annual-reports>. The PSPRS other postemployment benefit plan is not further disclosed due to its relative insignificance to the financial statements.

Benefits Provided

PSPRS provides retirement, disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits for employees who became a member on or before December 31, 2011 (Tier 1 members) commence the first day of the month following termination of employment and are calculated based upon the following age and service requirements:

1. Age 62 with 15 years of service, or 20 years of service with less than 20 years of credited service: 50 percent of the average monthly benefit compensation for the first 20 years of credited service. The pension is reduced by 4 percent per year for each year of credited service under 20 years.
2. 20 to 24.99 years of credited service: 50 percent of the average monthly benefit compensation for the first 20 years of credited service plus 2 percent of the average monthly benefit compensation for each year of credited service between 20 and 24.99.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

3. 25 or more years of credited service: 50 percent of the average monthly benefit compensation for the first 20 years of credited service plus 2.5 percent of the average monthly benefit compensation for each year of credited service above 20 years - up to a maximum of 80 percent of the average monthly benefit compensation.

Retirement benefits for employees who became a member on or after January 1, 2012, and on or before June 30, 2017, (Tier 2 members) commence the first day of the month following termination of employment and are calculated based upon the following age and service requirements:

1. Age 52.5 with 15 years of credited service but less than 25 years: average monthly benefit compensation multiplied by a multiplier that varies by years of service, from 1.5 percent to 2.5 percent per year of service, multiplied by the number of years of service.
2. Age 52.5 with 25 years of service: 62.5 percent of the average monthly benefit compensation. Benefits will be reduced by 4 percent for each year of credited service under 25 years.
3. 25 or more years of service: 62.5 percent of the average monthly benefit compensation for the first 25 years of credited service plus 2.5 percent of the average monthly benefit compensation for each year over 25 years of credited service - up to a maximum of 80 percent of the average monthly benefit compensation. The pension is reduced by 4 percent per year for each year of credited service under 25 years with a pro-rata reduction for any fractional years.

Retirement benefits for employees who became a member on or after July 1, 2017, (Tier 3 members) are contingent upon which retirement plan is chosen by a member. This group of members has an irrevocable choice of enrolling in either the defined benefit plan (police employees) or a hybrid plan, which has elements of both a defined benefit and defined contribution plan (fire employees), or a defined contribution plan in lieu of the respective choices listed above (both police and fire employees). If enrolling in the defined benefit plan or hybrid plan, benefits (defined benefit portion only for the hybrid plan) commence the first day of the month following termination of employment and are based upon the following age and service requirements:

1. Age 55 with 15 or more years of credited service: average monthly benefit compensation times a multiplier that varies by years of service, from 1.5 percent to 2.5 percent per year of service, times the number of years of service - up to a maximum of 80 percent of the average monthly benefit compensation.
2. An individual who became a member on or after July 1, 2017, and reaches age 52.5 with at least 15 years of credited service may take an early retirement; however, the amount of his or her retirement benefit is actuarially reduced.

The phrase “average monthly benefit compensation,” as it is used in the above discussion, is defined in the following schedule:

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

<u>Membership Tier</u>	<u>Average Monthly Compensation</u>
Tier 1	36 consecutive months of highest covered payroll within the last 20 years of service
Tier 2	60 consecutive months of highest covered payroll within the last 20 years of service
Tier 3	60 consecutive months of highest compensation within the last 15 years of service

Disability benefits are calculated as follows:

Accidental Disability Retirement:	50% of average monthly compensation, or the monthly Normal Retirement pension that the member is entitled to receive if he or she retired immediately, whichever is greater.
Catastrophic Disability Retirement:	90% of Average Monthly Benefit Compensation for the first 60 months. Thereafter, the benefit is the greater of 62.5% of Average Monthly Benefit Compensation and the member's accrued normal pension.
Ordinary Disability Retirement:	Normal Retirement pension that the member is entitled to receive, prorated based on Credited Service earned over the required Credited Service for Normal Retirement (maximum ratio of 1).

Survivor benefits are paid on behalf of an active member in the amount of 80 percent of the pension based on the calculation for an accidental disability retirement. If the member was killed in the line of duty, the benefit is 100 percent of the member's Average Monthly Benefit Compensation. The benefit amount is allocated to the surviving spouse and, if applicable, eligible children. If there is no surviving spouse, and there is at least one eligible child, the guardian of the eligible child(ren) and the eligible child(ren) are the recipients of the benefit. If there is no surviving spouse or eligible child(ren), the member's named refund beneficiary on file will receive the member's accumulated contributions. Benefits are paid on behalf of an inactive, non-retired member to the member's named beneficiary in the amount of the member's accumulated contributions. Death benefits are paid on behalf of a retired member in a manner similar to that of an active member. The surviving spouse will receive 80 percent of the member's pension benefit for life.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

A retired member, or survivor of a retired member, may be eligible for a cost-of-living adjustment (COLA) from the System if monies are available. COLA eligibility and calculation is contingent upon the member's hire date.

Members, or survivors of retired members, who were hired before July 1, 2017, are eligible to receive a compounding COLA on the base benefit of up to 2 percent per year. The COLA will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics.

Members, or survivors of retired members, who were hired on or after July 1, 2017, are eligible to receive a compounding COLA on the base benefit, beginning at the earlier of the first calendar year after the seventh anniversary of the retired member's retirement or when the retired member is or would have been sixty years of age. The COLA will be based on the average annual percentage change in the Metropolitan Phoenix-Mesa Consumer Price Index published by the United States Department of Labor, Bureau of Statistics. COLA adjustments will be received for this cohort if the following conditions are met:

Ratio of Actuarial Value of Assets to Liabilities	Maximum increase
70-80%	1.00%
80-90%	1.50%
>90%	2.00%

Employees Covered by Benefit Terms

As of June 30, 2024, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	394
Inactive plan members entitled to but not yet receiving benefits	174
Active plan members	<u>568</u>
Total	<u><u>1,136</u></u>

Contributions

ARS Title 38, Chapter 5, Article 4, Section 38-843 provides the authority for determining the city and active employee contribution requirements to the PSPRS pension plan. The contribution rates for employers are based on an actuarially determined rate recommended by an independent actuary contracted by the Board. The contribution rates for employees are prescribed by the ARS Section referenced above. For Tier 1 and Tier 2 employees, the actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned during the year by these employees, with an additional amount to finance any unfunded accrued liability. The unfunded accrued liability portion of the rate is paid by the city as a percentage of the pay of all the city's active PSPRS members, regardless of start date. For Tier 3 employees, each employer shall make contributions sufficient to pay fifty percent of both the normal cost plus the actuarially determined amount required to amortize the total unfunded accrued liability attributable only to those members hired on or after July 1, 2017. As noted above, the city will also pay an amount to finance any unfunded accrued liability relating to employees hired before July 1, 2017.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The city's pension-related contribution rates for fiscal year ended June 30, 2024 were:

Police	Tier 1		Tier 2		Tier 3	
Membership date	7/19/2011 or earlier	On or after 7/20/2011	1/1/2012 or later		7/1/2017 or later	
Plan type	Defined benefit	Defined benefit	Defined benefit	Defined benefit	Defined contribution	
Employee contribution rate	7.65%	7.65%	7.65%	9.06%	9.00%	
Employer contribution rate	57.76%	57.76%	57.76%	52.84%	52.78%	

Fire	Tier 1		Tier 2		Tier 3		
Membership date	7/19/2011 or earlier	On or after 7/20/2011	1/1/2012 or later		7/1/2017 or later		
Plan type	Defined benefit	Defined benefit	Defined benefit (hybrid)	Defined contribution (hybrid)	Defined benefit (hybrid)	Defined contribution (hybrid)	Defined contribution
Employee contribution rate	7.65%	7.65%	7.65%	3.00%	10.31%	3.00%	9.00%
Employer contribution rate	23.90%	23.90%	23.90%	4.00%	19.78%	3.00%	18.47%

Participants' defined contributions and the earnings on those contributions are immediately vested. A participant is fully vested in employer contributions after ten years of service; the vesting occurs at a rate of ten percent per year. If a participant dies or is determined to be eligible for an accidental or catastrophic disability pension before completing ten years of service, the employer contributions are immediately fully vested. In addition, the city was required by statute to contribute an actuarially determined rate (43.78 percent for police employees and 9.47 percent for fire employees) of annual covered payroll of retired members who worked for the city in positions that would typically be filled by an employee who contributes to PSPRS. The city's contributions to the pension plan for the fiscal year ended June 30, 2024, were \$37,885,409.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

ARS Title 9, Chapter 8, Article 3, Section 9-952 requires the state treasurer to distribute a fire insurance premium tax to the respective incorporated cities and towns and legally organized fire districts in proportion to the full cash value of the real property and improvements in each incorporated city and town and legally organized fire district that procures the services of a private fire company and in each area served by a fire department or legally organized fire district. The annual tax provided by law is based on a portion of the premiums received on policies and contracts of fire insurance covering property within the state. The warrant issued by the state treasurer is deposited on the city's behalf into the pension plan. PSPRS received \$2,754,257 of fire insurance premium tax for the city's fire pension plan for the fiscal year ended June 30, 2024. PSPRS accounts for the fire insurance premium tax collected for the city as employer contributions.

Net Pension Liability

The city's net pension liability of \$190,980,242 was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the June 30, 2023, measurement was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	0.75%-12.50%
Tier 1/2 Investment Rate of Return	7.20%
Tier 3 Investment Rate of Return	7.00%
Mortality rates	

Active Lives: PubS-2010 Employee mortality, adjusted by a factor of 1.03 for male members and 1.08 for female members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021). 100% of active deaths are assumed to be in the line of duty.

Inactive Lives: PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.03 for male retirees and 1.11 for female retirees, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).

Beneficiaries: PubS-2010 Survivor mortality, adjusted by a factor of 0.98 for male beneficiaries and adjusted by a factor of 1.06 for female beneficiaries, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).

Disabled Lives: PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and 1.01 for female disabled members, with generational improvements using 85% of the most recent projection scale (currently Scale MP-2021).

The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes which were applied to the June 30, 2022, actuarial valuation.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

The long-term expected rate of return on pension plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation adopted as of June 30, 2023, as provided by PSPRS, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash - Mellon	2%	0.69%
Diversifying Strategies	5%	3.68%
Core Bonds	6%	1.90%
Other Assets (Capital Appreciation)	7%	4.49%
International Public Equity	16%	4.49%
Global Private Equity	20%	7.28%
Private Credit	20%	6.19%
U.S. Public Equity	24%	3.98%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for Tier 1/2 members and 7.00 percent for Tier 3 members. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the PSPRS plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Changes in the Net Pension Liability

Public Safety Personnel Retirement System (Police)
Changes in the Net Pension Liability
(in thousands)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/23	\$ 443,112	\$ 279,404	\$ 163,708
Changes for the year:			
Service cost	7,212	-	7,212
Interest	31,619	-	31,619
Changes of benefit terms	-	-	-
Differences between expected and actual experience	13,210	-	13,210
Changes of assumptions	-	-	-
Contributions-employer	-	33,258	(33,258)
Contributions-employee	-	3,315	(3,315)
Net investment income	-	22,790	(22,790)
Benefit payments, including refunds of employee contributions	(22,333)	(22,333)	-
Administrative expense	-	(133)	133
Tiers 1 & 2 adjustment	-	-	-
Other changes	-	9	(9)
Net changes	<u>29,708</u>	<u>36,906</u>	<u>(7,198)</u>
Balances at 6/30/24	<u>\$ 472,820</u>	<u>\$ 316,310</u>	<u>\$ 156,510</u>

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

**Public Safety Personnel Retirement System (Fire)
Changes in the Net Pension Liability
(in thousands)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/23	\$ 177,484	\$ 148,418	\$ 29,066
Changes for the year:			
Service cost	6,197	-	6,197
Interest	13,099	-	13,099
Changes of benefit terms	-	-	-
Differences between expected and actual experience	7,071	-	7,071
Changes of assumptions	-	-	-
Contributions-employer	-	6,540	(6,540)
Contributions-employee	-	3,378	(3,378)
Net investment income	-	11,892	(11,892)
Benefit payments, including refunds of employee contributions	(3,501)	(3,501)	-
Administrative expense	-	(63)	63
Tiers 1 & 2 adjustment	-	(783)	783
Other changes	-	(1)	1
Net changes	22,866	17,462	5,404
Balances at 6/30/24	\$ 200,350	\$ 165,880	\$ 34,470

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the city's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent for Tier 1/2 members and 7.00 percent for Tier 3 members, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20/6.00 percent) or 1-percentage-point higher (8.20/8.00 percent) than the current rate (in thousands):

	1% Decrease (6.20%/6.00%)	Discount Rate (7.20%/7.00%)	1% Increase (8.20%/8.00%)
Police net pension liability	\$ 221,299	\$ 156,510	\$ 103,735
Fire net pension liability	64,870	34,470	9,682

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Pension Plan Fiduciary Net Position

The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. PSPRS financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of PSPRS. Refunds are due and payable by state law within 20 days of receipt of a written application for a refund. Refunds are recorded when paid. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

PSPRS investments are reported at fair value. Short-term investments are reported at cost plus accrued interest. Derivative instruments' fair values are determined by the custodial agent. The fair value of limited partnership investments is based on estimated current value and accepted industry practice.

Fair value measurements are categorized within the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Fair values are determined as follows:

- Level 1 - Unadjusted quoted prices for identical instruments in active markets
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable

The fair value of alternative investments is based on the investments' NAV per share. These are investments for which exchange quotations are not readily available and are valued at estimated fair value, as determined in good faith by the General Partner of each fund or by the investment manager responsible for that sector.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2024, the city recognized pension expense of \$34,109,831 related to the defined benefit plan and the defined benefit portion of the hybrid plan and \$420,300 related to the defined contribution plan and the defined contribution portion of the hybrid plan. As of June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 44,436	\$ 5,042
Changes of assumptions	7,521	-
Net difference between projected and actual earnings on pension plan investments	4,309	-
City contributions subsequent to the measurement date	37,885	-
Total	<u>\$ 94,151</u>	<u>\$ 5,042</u>

City contributions subsequent to the measurement date of \$37,885,409 were reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Fiscal year ending June 30:

2025	\$ 11,403
2026	5,683
2027	16,048
2028	5,404
2029	3,216
Thereafter	9,470

Elected Officials' Defined Contribution Retirement System

The city contributes to the Elected Officials' Defined Contribution Retirement System (EODCRS), which includes a defined contribution pension plan for elected officials and judges of certain state, county, and local governments. Participants in this plan include only those elected officials who began service subsequent to December 31, 2013, and had no relationship to ASRS or EORP at the inception of service. The Board of Trustees of the PSPRS is also the administrator for the EODCRS.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Benefit terms, including contribution requirements, for EODCRS are established by Title 38, Chapter 5, Article 3.1 of the Arizona Revised Statutes (ARS) and may be amended by the State of Arizona. For each member of EODCRS, the city is required to contribute 6 percent of gross compensation to an individual member retirement account. Members are required to contribute 8 percent of gross compensation to their retirement account. Members are immediately vested in both their and the city's contributions and earnings on those contributions. For the fiscal year ended June 30, 2024, the city recognized pension expense of \$17,251.

Postemployment Benefits Other Than Pensions (OPEB)

The cost of postemployment healthcare benefits, from an accrual accounting perspective, should be associated with the periods in which the future costs are earned rather than in the future years when they will be paid (similar to the cost of pension benefits). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires the city to recognize the entire OPEB liability and a comprehensive measure of OPEB expense. The comprehensive measure of OPEB expense includes immediate recognition in OPEB expense of the effects of changes of benefit terms, as well as the incorporation of the amortization of deferred inflows of resources and deferred outflows of resources related to OPEB over a defined, closed period.

Plan Description

The city's defined benefit OPEB plan ("the Plan") provides OPEB for eligible retired employees through a single employer defined benefit medical plan administered by the city. The City Council, by way of resolution, grants itself the authority, on an annual basis, to reestablish and amend the benefit terms and financing requirements of the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Benefits Provided

The Plan offers medical benefits to its eligible retirees and their dependents through the city's self-insured health plan. An eligible retiree is a Public Safety Personnel Retirement System accidental disability retired employee. Eligible retirees can enroll in a city plan up to 60 days after they retire; after that their eligibility for this benefit ceases. The benefit terms are the same as those afforded to active employees; however, retirees participating in the Plan are required to pay 100 percent of the blended actuarial rate, while employees pay less than the full amount. Upon a retiree reaching 65 years of age, the retiree and related dependents are no longer eligible for city coverage.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms:

As of June 30, 2024, Membership Consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	13
Inactive Employees Entitled to but Not Yet Receiving Benefits	-
Active Employees	<u>669</u>
Total	<u><u>682</u></u>

Total OPEB Liability

The city's total OPEB liability of \$863,000 was measured as of July 1, 2023, as determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary Increases	3.25% wage inflation plus merit and longevity increases ranging from 0.0% to 11.75%
Discount Rate	4.13%
Healthcare Cost Trend Rates*	6.30% for 2024, 7.50% for 2025, and then decreasing 0.5% per year to an ultimate rate of 4.50% for 2031 and later years
Retirees' Share of Benefit-Related Costs	100%

*The initial trend rate reflects the city's actual projected cost increases from fiscal year 2024 to 2025.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index.

Mortality rates were based on the following:

Healthy Police and Fire retirees:	SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021
Disabled Police and Fire retirees:	SOA Pub-2010 Public Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2021
Surviving Spouses:	SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Changes in the Total OPEB Liability

(in thousands)

	<u>Total OPEB Liability</u>
Balance at 6/30/23	\$ 699
Changes for the year:	
Service cost	79
Interest	31
Differences between expected and actual experience	197
Changes of assumptions/other inputs	(72)
Benefit payments	(71)
Net changes	<u>164</u>
Balance at 6/30/24	<u>\$ 863</u>

Changes in assumptions reflect the following:

1. Change in the discount rate from 4.09 percent as of the beginning of the year to 4.13 percent as of the end of the year.
2. The termination rates for public safety employees have been updated based on the Maricopa County rates from the Police and Fire Public Safety Personnel Retirement System actuarial valuation as of June 30, 2023.
3. The retirement rates for public safety employees have been updated based on the Maricopa County rates from the Police and Fire Public Safety Personnel Retirement System actuarial valuation as of June 30, 2023.
4. The salary scale for public safety employees has been updated based on the Maricopa County rates from the Police and Fire Public Safety Personnel Retirement System actuarial valuation as of June 30, 2023.
5. Healthcare trend rates have been updated to reflect actual premium increases from fiscal year 2024 to fiscal year 2025, followed by an annual trend of 7.5 percent decreasing by 0.5 percent annually to an ultimate rate of 4.5 percent.

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current discount rate (in thousands):

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 898	\$ 863	\$ 829

Sensitivity of the Total OPEB liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the city, as well as what the city's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.50 percent) or 1-percentage-point higher (9.0 percent decreasing to 5.50 percent) than the current healthcare cost trend rates (in thousands):

	1% Decrease (7.00% decreasing to 3.50%)	Healthcare Cost Trend Rates (8.00% decreasing to 4.50%)	1% Increase (9.00% decreasing to 5.50%)
Total OPEB Liability	\$ 812	\$ 863	\$ 921

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the city recognized OPEB expense of \$(109,717). As of June 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 180	\$ 969
Change of assumptions or other inputs	183	934
City benefits paid subsequent to the measurement date	127	-
Total	<u>\$ 490</u>	<u>\$ 1,903</u>

The \$127,386 reported as a deferred outflow of resources related to OPEB resulting from city benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Fiscal year ending June 30:

2025	\$ (219)
2026	(219)
2027	(219)
2028	(209)
2029	(209)
Thereafter	(465)

Notes to Financial Statements

For the Fiscal Year Ended June 30, 2024

H. Other Postemployment Benefits

In addition to pension benefits, the city provides an option for post-retirement healthcare benefits, in accordance with Chapter 14 of the City Code. Employees hired before July 1, 1982, receive cash equal to 50 percent of the first 520 hours of unused medical leave plus 25 percent of all hours in excess of 520. The conversion rate is the employee's average hourly base pay rate for the five years immediately preceding retirement. The medical leave not paid out in cash is applied to a retirement health savings account at the employee's hourly rate of pay at the time of retirement. For shift fire employees with 420 or more hours and all other retirees with 300 or more hours of accumulated medical leave hired on or after July 1, 1982, the city will apply the value of the medical leave to a retirement health savings account. Medical leave balances accumulated through June 30, 2011, will be paid at 100 percent of the employee's hourly rate at the time of retirement. Medical leave balances accumulated July 1, 2011, or after will be paid out at 50 percent of the employee's hourly rate at retirement. Additionally, the payout is limited to the value of 1,200 combined hours for all retirees, except shift fire employees, who are limited to 1,680 hours earned both before and after July 1, 2011, unless more than 1,200 or 1,680 hours, respectively, were accrued prior to July 1, 2011. Total hours accrued before July 1, 2011, will be paid without limitation.

The projected liability for active employees, as of June 30, 2024, was \$16,311,934. The projected liability was considered payable within one year or greater, and therefore considered noncurrent and included in both the proprietary fund and government-wide financial statements. Significant actuarial assumptions of the January 1, 2024, actuarial valuation include: a) mortality rates based on the SOA Pub-2010 General (for non-PSPRS-eligible personnel)/Public Safety (for PSPRS-eligible personnel) Headcount Weighted Mortality Table fully generational using Scale MP-2021; b) interest compounded 4.0 percent annually; c) salary increases at a rate of 4 percent based on payroll experience and future expectations; and d) Traditional Unit Credit cost method based on participant data as of December 31, 2023.

Proportionate Share of Collective Net Pension Liability for Cost-Sharing Pension Plan

**Schedule of the City's Proportionate Share of the Collective Net Pension Liability
Arizona State Retirement System
Last Ten Fiscal Years (dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the collective net pension liability	0.996080%	1.040000%	1.009390%	1.050150%	1.049160%	1.055510%	1.056820%	1.086990%	1.099760%	1.102563%
City's proportionate share of the collective net pension liability	\$161,180	\$169,751	\$132,630	\$181,954	\$152,665	\$147,206	\$164,632	\$175,451	\$171,304	\$163,142
City's covered payroll	\$130,436	\$124,179	\$110,303	\$114,944	\$110,748	\$105,097	\$107,259	\$101,917	\$101,962	\$99,077
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	123.57%	136.70%	120.24%	158.30%	137.85%	140.07%	153.49%	172.15%	168.01%	164.66%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	74.26%	78.58%	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%	69.49%

Note: The Arizona State Retirement System report may be obtained by writing to ASRS Financial Services Division, 3300 North Central Avenue, Phoenix, AZ 85012, or by visiting <https://www.azasrs.gov/content/annual-reports>.

Changes in the City's Net Pension Liability (Asset) and Related Ratios for Agent Pension Plans

Public Safety Personnel Retirement System (Police)
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Last Ten Fiscal Years (dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 7,212	\$ 7,411	\$ 7,480	\$ 7,402	\$ 8,154	\$ 7,103	\$ 7,841	\$ 6,603	\$ 6,537	\$ 6,363
Interest	31,619	30,359	29,613	27,559	25,834	24,013	22,479	20,570	19,640	16,898
Changes of benefit terms	-	-	-	-	-	-	2,584	17,206	-	3,987
Differences between expected and actual experience	13,210	3,688	(4,736)	12,629	3,089	4,880	(921)	(3,203)	87	(896)
Changes of assumptions or other inputs	-	4,494	-	-	9,123	-	9,028	11,023	-	22,122
Benefit payments, including refunds of employee contributions	(22,333)	(22,603)	(21,540)	(17,538)	(16,512)	(15,475)	(16,239)	(14,059)	(14,835)	(12,411)
Net change in total pension liability	29,708	23,349	10,817	30,052	29,688	20,521	24,772	38,140	11,429	36,063
Total pension liability-beginning	443,112	419,763	408,946	378,894	349,206	328,685	303,913	265,773	254,344	218,281
Total pension liability-ending (a)	\$ 472,820	\$ 443,112	\$ 419,763	\$ 408,946	\$ 378,894	\$ 349,206	\$ 328,685	\$ 303,913	\$ 265,773	\$ 254,344
Plan fiduciary net position										
Contributions-employer	\$ 33,258	\$ 56,142	\$ 19,326	\$ 18,854	\$ 17,387	\$ 15,491	\$ 11,888	\$ 11,710	\$ 8,970	\$ 7,997
Contributions-employee	3,315	3,216	3,063	3,649	3,343	3,438	3,983	4,230	3,944	3,495
Net investment income	22,790	(11,123)	55,286	2,471	9,714	11,537	17,104	842	5,113	17,047
Benefit payments, including refunds of employee contributions	(22,333)	(22,603)	(21,540)	(17,538)	(16,512)	(15,475)	(16,239)	(14,059)	(14,835)	(12,411)
Administrative expense	(133)	(200)	(260)	(202)	(171)	(176)	(152)	(122)	(125)	(137)
Other changes	9	11	21	35	9	(34)	(134)	(36)	(243)	(50)
Net change in plan fiduciary net position	36,906	25,443	55,896	7,269	13,770	14,781	16,450	2,565	2,824	15,941
Plan fiduciary net position-beginning	279,404	253,961	198,065	190,914	177,208	162,427	145,977	143,412	140,588	124,647
Adjustment to Beginning of Year	-	-	-	(118)	(64)	-	-	-	-	-
Plan fiduciary net position-ending (b)	\$ 316,310	\$ 279,404	\$ 253,961	\$ 198,065	\$ 190,914	\$ 177,208	\$ 162,427	\$ 145,977	\$ 143,412	\$ 140,588
City's net pension liability-ending ((a) - (b))	\$ 156,510	\$ 163,708	\$ 165,802	\$ 210,881	\$ 187,980	\$ 171,998	\$ 166,258	\$ 157,936	\$ 122,361	\$ 113,756
Plan fiduciary net position as a percentage of the total pension liability	66.90%	63.05%	60.50%	48.43%	50.39%	50.75%	49.42%	48.03%	53.96%	55.27%
Covered payroll	\$ 35,260	\$ 34,540	\$ 33,349	\$ 35,069	\$ 31,628	\$ 34,869	\$ 33,896	\$ 33,073	\$ 33,075	\$ 31,438
City's net pension liability as a percentage of covered payroll	443.87%	473.97%	497.17%	601.33%	594.35%	493.27%	490.49%	477.54%	369.95%	361.84%

Note: The Public Safety Personnel Retirement System report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016, calling (602) 255-5575, or by visiting: <http://www.psprs.com/investments--financials/annual-reports>.

Public Safety Personnel Retirement System (Fire)
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios
Last Ten Fiscal Years (dollars in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 6,197	\$ 5,760	\$ 5,565	\$ 5,457	\$ 6,378	\$ 5,098	\$ 5,009	\$ 4,077	\$ 3,720	\$ 3,509
Interest	13,099	11,338	10,094	8,387	7,654	6,729	5,797	4,655	4,037	3,449
Changes of benefit terms	-	-	-	-	-	-	639	7,546	-	(448)
Differences between expected and actual experience	7,071	12,155	4,095	11,517	(2,821)	(2,004)	1,264	(877)	994	462
Changes of assumptions or other inputs	-	347	-	-	2,644	-	1,881	3,303	-	1,157
Benefit payments, including refunds of employee contributions	(3,501)	(3,348)	(2,458)	(1,705)	(1,259)	(1,047)	(932)	(1,430)	(691)	(780)
Net change in total pension liability	22,866	26,252	17,296	23,656	12,596	8,776	13,658	17,274	8,060	7,349
Total pension liability-beginning	177,484	151,232	133,936	110,280	97,684	88,908	75,250	57,976	49,916	42,567
Total pension liability-ending (a)	<u>\$ 200,350</u>	<u>\$ 177,484</u>	<u>\$ 151,232</u>	<u>\$ 133,936</u>	<u>\$ 110,280</u>	<u>\$ 97,684</u>	<u>\$ 88,908</u>	<u>\$ 75,250</u>	<u>\$ 57,976</u>	<u>\$ 49,916</u>
Plan fiduciary net position										
Contributions-employer	\$ 6,540	\$ 10,807	\$ 4,704	\$ 4,219	\$ 2,830	\$ 6,061	\$ 2,737	\$ 2,974	\$ 2,247	\$ 2,392
Contributions-employee	3,378	6,882	2,502	2,653	2,946	1,981	2,551	2,693	2,337	2,629
Net investment income	11,892	(5,847)	30,222	1,307	4,863	5,520	7,822	358	2,046	6,294
Benefit payments, including refunds of employee contributions	(3,501)	(3,348)	(2,458)	(1,705)	(1,259)	(1,047)	(932)	(1,430)	(691)	(780)
Administrative expense	(63)	(105)	(140)	(106)	(85)	(85)	(70)	(52)	(50)	(51)
Tiers 1 & 2 adjustment	(783)	-	-	-	-	-	-	-	-	-
Other changes	(1)	11	-	-	-	16	1	(53)	12	(60)
Net change in plan fiduciary net position	17,462	8,400	34,830	6,368	9,295	12,446	12,109	4,490	5,901	10,424
Plan fiduciary net position-beginning	148,418	140,018	105,188	98,906	89,627	77,181	65,072	60,582	54,681	44,257
Adjustment to Beginning of Year	-	-	-	(86)	(16)	-	-	-	-	-
Plan fiduciary net position-ending (b)	<u>\$ 165,880</u>	<u>\$ 148,418</u>	<u>\$ 140,018</u>	<u>\$ 105,188</u>	<u>\$ 98,906</u>	<u>\$ 89,627</u>	<u>\$ 77,181</u>	<u>\$ 65,072</u>	<u>\$ 60,582</u>	<u>\$ 54,681</u>
City's net pension liability (asset)-ending ((a) - (b))	<u>\$ 34,470</u>	<u>\$ 29,066</u>	<u>\$ 11,214</u>	<u>\$ 28,748</u>	<u>\$ 11,374</u>	<u>\$ 8,057</u>	<u>\$ 11,727</u>	<u>\$ 10,178</u>	<u>\$ (2,606)</u>	<u>\$ (4,765)</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	82.80%	83.62%	92.58%	78.54%	89.69%	91.75%	86.81%	86.47%	104.49%	109.55%
Covered payroll	\$ 28,153	\$ 27,018	\$ 25,764	\$ 25,187	\$ 24,376	\$ 23,192	\$ 23,500	\$ 21,498	\$ 20,420	\$ 19,336
City's net pension liability as a percentage of covered payroll	122.44%	107.58%	43.53%	114.14%	46.66%	34.74%	49.90%	47.34%	0.00%	0.00%

Note: The Public Safety Personnel Retirement System report may be obtained by writing to Public Safety Personnel Retirement System, 3010 East Camelback Road, Suite 200, Phoenix, AZ 85016, calling (602) 255-5575, or by visiting: <http://www.psprs.com/investments--financials/annual-reports>.

**Schedule of City Contributions
Arizona State Retirement System
Last Ten Fiscal Years (dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 17,223	\$ 15,538	\$ 14,892	\$ 13,242	\$ 13,151	\$ 12,384	\$ 11,437	\$ 11,540	\$ 11,049	\$ 11,092
Employer contributions in relation to the statutorily required contribution	(17,223)	(15,538)	(14,892)	(13,242)	(13,151)	(12,384)	(11,437)	(11,540)	(11,049)	(11,092)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 143,550	\$ 130,436	\$ 124,179	\$ 110,303	\$ 114,944	\$ 110,748	\$ 105,097	\$ 107,259	\$ 101,917	\$ 101,962
Contributions as a percentage of covered payroll	12.00%	11.91%	11.99%	12.01%	11.44%	11.18%	10.88%	10.76%	10.84%	10.88%

**Schedule of City Contributions
Public Safety Personnel Retirement System (Police)
Last Ten Fiscal Years (dollars in thousands)**

	2024 ⁽¹⁾	2023 ⁽¹⁾	2022 ⁽¹⁾	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 22,161	\$ 22,196	\$ 20,225	\$ 19,171	\$ 18,850	\$ 17,296	\$ 15,341	\$ 12,328	\$ 11,635	\$ 8,921
Employer contributions in relation to the actuarially determined contribution	(33,621)	(33,501)	(56,145)	(19,171)	(18,850)	(17,296)	(15,341)	(12,328)	(11,635)	(8,921)
Contribution deficiency (excess)	<u>\$ (11,460)</u>	<u>\$ (11,305)</u>	<u>\$ (35,920)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 38,996	\$ 35,260	\$ 34,540	\$ 33,349	\$ 35,069	\$ 31,628	\$ 34,869	\$ 33,896	\$ 33,073	\$ 33,075
Contributions as a percentage of covered payroll	86.22%	95.01%	162.55%	57.49%	53.75%	54.69%	44.00%	36.37%	35.18%	26.97%

⁽¹⁾ City made additional contributions during fiscal years 2022 through 2024 to pay down total pension liability.

**Schedule of City Contributions
Public Safety Personnel Retirement System (Fire)
Last Ten Fiscal Years (dollars in thousands)**

	2024	2023	2022 ⁽¹⁾	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 7,018	\$ 6,155	\$ 5,533	\$ 4,731	\$ 4,167	\$ 4,577	\$ 3,924	\$ 2,840	\$ 2,626	\$ 2,276
Employer contributions in relation to the actuarially determined contribution	<u>(7,018)</u>	<u>(6,155)</u>	<u>(10,533)</u>	<u>(4,731)</u>	<u>(4,167)</u>	<u>(4,577)</u>	<u>(3,924)</u>	<u>(2,840)</u>	<u>(2,626)</u>	<u>(2,276)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 27,619	\$ 28,153	\$ 27,018	\$ 25,764	\$ 25,187	\$ 24,376	\$ 23,192	\$ 23,500	\$ 21,498	\$ 20,420
Contributions as a percentage of covered payroll	25.41%	21.86%	38.99%	18.36%	16.54%	18.78%	16.92%	12.09%	12.22%	11.15%

⁽¹⁾ City made additional contributions during fiscal year 2022 to pay down total pension liability.

Changes in the City's Total OPEB Liability and Related Ratios

**Total OPEB Liability and Related Ratios
Last Seven Fiscal Years (dollars in thousands)**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 79	\$ 101	\$ 323	\$ 274	\$ 236	\$ 241	\$ 260
Interest	31	19	58	83	89	85	67
Differences between expected and actual experience	197	(106)	(236)	(587)	(261)	(278)	(230)
Changes of assumptions/other inputs	(72)	(62)	(1,100)	121	126	(38)	125
Benefit payments	(71)	(84)	(137)	(145)	(116)	(101)	(111)
Net change in total OPEB liability	164	(132)	(1,092)	(254)	74	(91)	111
Total OPEB liability-beginning	699	831	1,923	2,177	2,103	2,194	2,083
Total OPEB liability-ending	<u>\$ 863</u>	<u>\$ 699</u>	<u>\$ 831</u>	<u>\$ 1,923</u>	<u>\$ 2,177</u>	<u>\$ 2,103</u>	<u>\$ 2,194</u>
Covered-employee payroll	\$ 55,666	\$ 53,352	\$ 50,459	\$ 53,874	\$ 55,023	\$ 52,970	\$ 51,137
Total OPEB liability as a percentage of covered-employee payroll	1.55%	1.31%	1.65%	3.57%	3.96%	3.97%	4.29%

The city implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2018. Information for the prior years is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

I. ACTUARIALLY DETERMINED CONTRIBUTION RATES

The actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial assumptions used are disclosed in the notes to the financial statements.

II. FACTORS THAT AFFECT TRENDS

Arizona State Retirement System (ASRS)

The actuarial assumptions related to funding used in the June 30, 2022, valuation for ASRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2020. The major changes in assumptions involved the investment return, the inflation rate, general wage inflation, and future permanent benefit increases. The ASRS Board adopted the recommended changes from the experience study, which were first applied to the June 30, 2021, actuarial valuation.

Public Safety Personnel Retirement System (PSPRS)

The actuarial assumptions used in the June 30, 2023, valuation for PSPRS were based on the results of an actuarial experience study for the five-year period ended June 30, 2021. The purpose of the experience study was to review actual experience in relation to the actuarial assumptions in effect. The PSPRS Board adopted the experience study recommended changes, which were applied beginning with the June 30, 2022, actuarial valuation. The total liabilities as of June 30, 2023, reflected changes in actuarial assumptions based on the results of the actuarial experience study, including decreasing the discount rate from 7.3 percent to 7.2 percent, changing the wage inflation rate from 3.5 percent to a range of 3.25-15.0 percent, and increasing the cost-of-living adjustment rate from 1.75 percent to 1.85 percent.

Arizona courts have ruled those provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS-required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds have either legal restrictions stipulated by an external party or are committed through formal action by the City Council to be used for a specified purpose.

Transportation Fund. This fund receives and expends the city's allocation of the Arizona Highway User Revenue tax, 0.2 percent of privilege tax for transportation improvements, and 0.1 percent of privilege tax dedicated to the Arterial Life Cycle Program. The amount of Arizona Highway User Revenue available to each city is allocated on a population basis, which is determined by the latest federal census and must be used for street construction, reconstruction, maintenance, or transit.

Community Development Block Grant Fund. This fund receives and expends the city's Community Development Block Grant revenues. The amount of the grant is awarded annually by the U.S. Department of Housing and Urban Development (HUD). Community Development Block Grant revenues may be used only for those projects approved in the grant budget and are subject to agency expenditure guidelines.

HOME Fund. This fund receives and expends monies from the Maricopa County Home Consortium. Expenditures are made 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.

Grants Fund. This fund receives and expends the city's grant revenues not accounted for in other funds. The amount of grants received is generally based on applications to granting agencies by the city and on 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.

Housing Choice Voucher Program Fund. This fund receives and expends the city's Housing Choice Voucher Program revenues. Funding is awarded by the U.S. Department of Housing and Urban Development (HUD) to provide rental housing assistance. Budgets are approved annually by HUD. Housing Choice Voucher Program revenues may be used only for assistance approved by HUD and are subject to agency expenditure guidelines.

Preserve Privilege Tax Fund. This fund receives voter-approved Preservation Privilege (Sales) Tax of 0.35 percent (0.2 percent 1995 and 0.15 percent 2004). Revenues are transferred to the Preserve Privilege Tax Capital Projects Fund for land purchases and improvements in the McDowell Sonoran Preserve or are transferred to the General Obligation Bond Debt Service Fund to be used for related debt service payments for prior preserve land acquisitions.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Community Facilities Districts (CFD) Funds

These funds account for the non-debt or non-capital related expenditures incurred by community facilities districts.

McDowell Mountain Ranch CFD

DC Ranch CFD

Via Linda Road CFD

Waterfront Commercial CFD

Streetlight Districts Fund. This fund accounts for the property tax revenues received by the streetlight districts generated through the annual streetlight district levy. These funds are restricted for electricity expenditures of each streetlight district.

Special Programs Fund. This fund receives monies from a variety of sources. The monies are either restricted by an outside source or committed by City Council and are required to be expended for specific purposes related to the intention of the source of the revenue.

Tourism Development Fund. This fund receives revenues generated through transient occupancy taxes and certain lease agreements. The use of these funds has been restricted or committed by the City Council for tourism-related purposes.

Stadium Facility Fund. This fund accounts for certain revenue received for Scottsdale Stadium and contributions from the San Francisco Giants and the Scottsdale Charros. The contributions are restricted by an outside agreement to be used to support the operations, maintenance, and capital improvements for Scottsdale Stadium.

Debt Service Funds

Debt Service Funds record the accumulation of resources for, and the payment of, long-term debt principal and interest not serviced by the proprietary funds.

Municipal Property Corporation Fund. This fund accounts for the principal and interest requirements of the city's Municipal Property Corporation bonds. Financing is provided primarily by transaction privilege tax.

Debt Service Stabilization Fund. This fund consists of amounts committed by the City Council to be used for the repayment of debt, as well as stadium surcharge amounts restricted for the payment of debt service.

Community Facilities Districts (CFD) Funds. These funds account for the principal and interest of general obligation bonds issued by community facilities districts. Although these bonds are not obligations of the city, generally accepted accounting principles require that the bonds should be disclosed herein.

DC Ranch CFD

Waterfront Commercial CFD

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Capital Projects Funds

Capital Projects Funds account for the resources used to acquire, construct, and improve major capital assets other than those financed by proprietary funds. Capital Projects Funds allow the city to compile project cost data, comply with the city's capitalization policy, and demonstrate that legal or contractual requirements of funding sources are fully satisfied.

General Obligation Bonds Fund. This fund accounts for the proceeds and interest of the sale of voter-approved general obligation bonds that are used for authorized capital improvements.

Preserve Privilege Tax Fund. This fund accounts for the resources used to acquire and improve land within the McDowell Sonoran Preserve. Resources are provided by the 0.2 percent 1995 and 0.15 percent 2004 voter-approved Preserve Privilege Tax.

Permanent Funds

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used to support city programs.

Rassner Memorial Scottsdale Library Endowment. This fund requires the interest to be used exclusively to support library and literacy programs benefiting the citizens of Scottsdale.

Scottsdale Community Endowment. This fund requires the interest to be used exclusively for community projects and programs for the public good within the city.

Scottsdale Employee Endowment. This fund requires the interest to be used exclusively to support 501(c)(3) tax-exempt organizations serving the Scottsdale area and city programs.

Herbert R. Drinkwater Youth Services Endowment. This fund requires the interest to be used exclusively to support city youth programs.

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024 (in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash and Investments	\$ 218,971	\$ 5,056	\$ 6,527	\$ 672	\$ 231,226
Cash with Fiscal Agent	7	17,869	-	-	17,876
Receivables (net of allowance for uncollectibles)					
Interest	1,739	-	13	-	1,752
Privilege Tax	11,412	-	-	-	11,412
Transient Occupancy Tax	2,307	-	-	-	2,307
Property Tax	2	49	-	-	51
Franchise Fee	90	-	-	-	90
Court	286	-	-	-	286
Highway User Tax	1,911	-	-	-	1,911
Intergovernmental	11,190	-	-	-	11,190
Grants	2,257	-	-	-	2,257
Leases	56	-	-	-	56
Miscellaneous	4,119	-	-	-	4,119
Total Assets	<u>\$ 254,347</u>	<u>\$ 22,974</u>	<u>\$ 6,540</u>	<u>\$ 672</u>	<u>\$ 284,533</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts Payable	\$ 4,113	\$ 1	\$ 6,706	\$ -	\$ 10,820
Accrued Payroll and Benefits	701	-	12	-	713
Due to Other Funds	1,495	-	-	-	1,495
Matured Bond Interest Payable	-	2,505	-	-	2,505
Matured Bonds Payable	-	15,245	-	-	15,245
Unearned Revenue					
Intergovernmental	6,691	-	-	-	6,691
Other	403	-	-	-	403
Due to Other Governments	853	288	-	-	1,141
Guaranty and Other Deposits	5	-	-	-	5
Other	66	-	-	-	66
Total Liabilities	<u>14,327</u>	<u>18,039</u>	<u>6,718</u>	<u>-</u>	<u>39,084</u>
Deferred Inflows of Resources					
Unavailable Revenues	18,298	22	-	-	18,320
Leases	2,227	-	-	-	2,227
Total Deferred Inflows of Resources	<u>20,525</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>20,547</u>
Total Liabilities and Deferred Inflows of Resources	<u>34,852</u>	<u>18,061</u>	<u>6,718</u>	<u>-</u>	<u>59,631</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	644	644
Restricted	199,519	2,401	10,202	28	212,150
Committed	24,150	2,683	-	-	26,833
Unassigned	(4,174)	(171)	(10,380)	-	(14,725)
Total Fund Balances (Deficits)	<u>219,495</u>	<u>4,913</u>	<u>(178)</u>	<u>672</u>	<u>224,902</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 254,347</u>	<u>\$ 22,974</u>	<u>\$ 6,540</u>	<u>\$ 672</u>	<u>\$ 284,533</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Taxes - Local					
Property	\$ 80	\$ 1,485	\$ -	\$ -	\$ 1,565
Transaction Privilege	94,063	-	-	-	94,063
Transient Occupancy	34,597	-	-	-	34,597
Light and Power Franchise	439	-	-	-	439
Other Taxes	6,671	-	-	-	6,671
Taxes - Intergovernmental					
Highway User Tax	18,743	-	-	-	18,743
Local Transportation Assistance Fund	610	-	-	-	610
Business and Liquor Licenses	46	-	-	-	46
Charges for Current Services					
Building and Related Permits	152	-	-	-	152
Recreation Fees	3,721	-	-	-	3,721
WestWorld Equestrian Facility Fees	1,431	-	-	-	1,431
Fines, Fees, and Forfeitures					
Court	128	-	-	-	128
Court Enhancement	1,705	-	-	-	1,705
Library	95	-	-	-	95
Police	90	-	-	-	90
Opioid Settlements	1,454	-	-	-	1,454
Property Rental	5,318	-	-	-	5,318
Interest Earnings	7,118	5	1,319	-	8,442
Net Increase in the Fair Value of Investments	-	-	346	64	410
Intergovernmental					
Federal Grants	13,850	-	-	-	13,850
State Grants	1,653	-	-	-	1,653
Miscellaneous	3,602	-	-	-	3,602
Developer Contributions	2,972	-	-	-	2,972
Streetlight and Services Districts	489	-	-	-	489
Contributions and Donations	2,429	-	-	-	2,429
Reimbursements from Outside Sources	975	-	24	-	999
Other	78	-	-	-	78
Total Revenues	<u>202,509</u>	<u>1,490</u>	<u>1,689</u>	<u>64</u>	<u>205,752</u>
EXPENDITURES					
Current					
General Government					
Mayor and City Council	1	-	-	-	1
City Court	1,758	-	-	-	1,758
City Treasurer	112	-	-	-	112
Other General Government	359	288	-	-	647
Public Works	25,429	-	-	-	25,429
Community and Economic Development	22,853	-	-	-	22,853
Public Safety	4,797	-	-	-	4,797
Community Services	20,450	-	-	28	20,478
Administrative Services	1,060	-	-	-	1,060
Streetlight and Services Districts	533	-	-	-	533
Debt Service					
Principal	2,190	15,245	-	-	17,435
Interest and Fiscal Charges	91	5,021	-	-	5,112
Capital Outlay	7,303	-	36,502	-	43,805
Total Expenditures	<u>86,936</u>	<u>20,554</u>	<u>36,502</u>	<u>28</u>	<u>144,020</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>115,573</u>	<u>(19,064)</u>	<u>(34,813)</u>	<u>36</u>	<u>61,732</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	2,728	18,743	1,031	-	22,502
Transfers Out	(103,201)	-	(114)	-	(103,315)
Financing of Leases	574	-	-	-	574
Financing of Subscription-Based I.T. Arrangements	2,675	-	-	-	2,675
Financing of Contracts Payable	1,876	-	-	-	1,876
Sale of General Capital Assets	(100)	-	-	-	(100)
Total Other Financing Sources (Uses)	<u>(95,448)</u>	<u>18,743</u>	<u>917</u>	<u>-</u>	<u>(75,788)</u>
Net Change in Fund Balances (Deficits)	20,125	(321)	(33,896)	36	(14,056)
Fund Balances (Deficits) - Beginning	199,370	5,234	33,718	636	238,958
Fund Balances (Deficits) - Ending	<u>\$ 219,495</u>	<u>\$ 4,913</u>	<u>\$ (178)</u>	<u>\$ 672</u>	<u>\$ 224,902</u>

Combining Balance Sheet

Nonmajor Special Revenue Governmental Funds

June 30, 2024 (in thousands)

<u>ASSETS</u>	<u>Transportation</u>	<u>Community Development Block Grant</u>	<u>HOME</u>	<u>Grants</u>	<u>Housing Choice Voucher Program</u>	<u>Preserve Privilege Tax</u>	<u>McDowell Mountain Ranch CFD</u>	<u>DC Ranch CFD</u>
Cash and Investments	\$ 34,185	\$ 574	\$ -	\$ -	\$ 946	\$ 130,892	\$ 70	\$ 25
Cash with Fiscal Agent	-	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles)								
Interest	667	-	-	-	-	835	-	-
Privilege Tax	4,040	-	-	-	-	7,372	-	-
Transient Occupancy Tax	-	-	-	-	-	-	-	-
Property Tax	-	-	-	-	-	-	1	1
Franchise Fee	-	-	-	-	-	-	-	-
Court	-	-	-	-	-	-	-	-
Highway User Tax	1,911	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Grants	-	260	307	1,690	-	-	-	-
Leases	-	56	-	-	-	-	-	-
Miscellaneous	257	1,944	-	80	9	-	-	-
Total Assets	<u>\$ 41,060</u>	<u>\$ 2,834</u>	<u>\$ 307</u>	<u>\$ 1,770</u>	<u>\$ 955</u>	<u>\$ 139,099</u>	<u>\$ 71</u>	<u>\$ 26</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)								
<u>Liabilities</u>								
Accounts Payable	\$ 1,448	\$ 128	\$ -	\$ 176	\$ 24	\$ 53	\$ -	\$ -
Accrued Payroll and Benefits	393	23	-	31	23	-	-	-
Due to Other Funds	-	-	307	1,178	-	-	-	-
Unearned Revenue								
Intergovernmental	-	443	-	60	-	-	-	-
Other	-	5	-	325	-	-	-	-
Due to Other Governments	-	7	-	-	12	-	202	15
Guaranty and Other Deposits	-	5	-	-	-	-	-	-
Other	-	-	-	-	59	-	-	-
Total Liabilities	<u>1,841</u>	<u>611</u>	<u>307</u>	<u>1,770</u>	<u>118</u>	<u>53</u>	<u>202</u>	<u>15</u>
<u>Deferred Inflows of Resources</u>								
Unavailable Revenues	764	2,137	307	1,539	8	1,362	1	-
Leases	-	56	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>764</u>	<u>2,193</u>	<u>307</u>	<u>1,539</u>	<u>8</u>	<u>1,362</u>	<u>1</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,605</u>	<u>2,804</u>	<u>614</u>	<u>3,309</u>	<u>126</u>	<u>1,415</u>	<u>203</u>	<u>15</u>
<u>Fund Balances (Deficits)</u>								
Restricted	38,455	222	-	-	829	137,684	-	11
Committed	-	-	-	-	-	-	-	-
Unassigned	-	(192)	(307)	(1,539)	-	-	(132)	-
Total Fund Balances (Deficits)	<u>38,455</u>	<u>30</u>	<u>(307)</u>	<u>(1,539)</u>	<u>829</u>	<u>137,684</u>	<u>(132)</u>	<u>11</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 41,060</u>	<u>\$ 2,834</u>	<u>\$ 307</u>	<u>\$ 1,770</u>	<u>\$ 955</u>	<u>\$ 139,099</u>	<u>\$ 71</u>	<u>\$ 26</u>

(continued)

Combining Balance Sheet

Nonmajor Special Revenue Governmental Funds

June 30, 2024 (in thousands)

ASSETS	Via Linda Road CFD	Waterfront Commercial CFD	Streetlight Districts	Special Programs	Tourism Development	Stadium Facility	Total
Cash and Investments	\$ 65	\$ -	\$ -	\$ 31,237	\$ 15,860	\$ 5,117	\$ 218,971
Cash with Fiscal Agent	-	7	-	-	-	-	7
Receivables (net of allowance for uncollectibles)							
Interest	-	-	-	64	134	39	1,739
Privilege Tax	-	-	-	-	-	-	11,412
Transient Occupancy Tax	-	-	-	-	2,307	-	2,307
Property Tax	-	-	-	-	-	-	2
Franchise Fee	-	-	-	90	-	-	90
Court	-	-	-	286	-	-	286
Highway User Tax	-	-	-	-	-	-	1,911
Intergovernmental	-	-	-	11,190	-	-	11,190
Grants	-	-	-	-	-	-	2,257
Leases	-	-	-	-	-	-	56
Miscellaneous	-	-	8	769	197	855	4,119
Total Assets	<u>\$ 65</u>	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 43,636</u>	<u>\$ 18,498</u>	<u>\$ 6,011</u>	<u>\$ 254,347</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts Payable	\$ -	\$ -	\$ -	\$ 1,430	\$ 621	\$ 233	\$ 4,113
Accrued Payroll and Benefits	-	-	-	194	25	12	701
Due to Other Funds	-	-	10	-	-	-	1,495
Unearned Revenue							
Intergovernmental	-	-	-	6,188	-	-	6,691
Other	-	-	-	62	-	11	403
Due to Other Governments	60	-	77	464	-	16	853
Guaranty and Other Deposits	-	-	-	-	-	-	5
Other	-	-	-	2	-	5	66
Total Liabilities	<u>60</u>	<u>-</u>	<u>87</u>	<u>8,340</u>	<u>646</u>	<u>277</u>	<u>14,327</u>
Deferred Inflows of Resources							
Unavailable Revenues	-	-	-	11,315	237	628	18,298
Leases	-	-	-	-	2,171	-	2,227
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,315</u>	<u>2,408</u>	<u>628</u>	<u>20,525</u>
Total Liabilities and Deferred Inflows of Resources	<u>60</u>	<u>-</u>	<u>87</u>	<u>19,655</u>	<u>3,054</u>	<u>905</u>	<u>34,852</u>
Fund Balances (Deficits)							
Restricted	5	7	-	9,987	7,213	5,106	199,519
Committed	-	-	-	15,919	8,231	-	24,150
Unassigned	-	-	(79)	(1,925)	-	-	(4,174)
Total Fund Balances (Deficits)	<u>5</u>	<u>7</u>	<u>(79)</u>	<u>23,981</u>	<u>15,444</u>	<u>5,106</u>	<u>219,495</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 65</u>	<u>\$ 7</u>	<u>\$ 8</u>	<u>\$ 43,636</u>	<u>\$ 18,498</u>	<u>\$ 6,011</u>	<u>\$ 254,347</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Transportation	Community Development Block Grant	HOME	Grants	Housing Choice Voucher Program	Preserve Privilege Tax	McDowell Mountain Ranch CFD	DC Ranch CFD
REVENUES								
Taxes - Local								
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66
Transaction Privilege	33,636	-	-	-	-	60,427	-	-
Transient Occupancy	-	-	-	-	-	-	-	-
Light and Power Franchise	-	-	-	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-
Taxes - Intergovernmental								
Highway User Tax	18,743	-	-	-	-	-	-	-
Local Transportation Assistance Fund	610	-	-	-	-	-	-	-
Business and Liquor Licenses	-	-	-	-	-	-	-	-
Charges for Current Services								
Building and Related Permits	-	-	-	-	-	-	-	-
Recreation Fees	-	-	-	-	-	-	-	-
WestWorld Equestrian Facility Fees	-	-	-	-	-	-	-	-
Fines, Fees, and Forfeitures								
Court	-	-	-	-	-	-	-	-
Court Enhancement	-	-	-	-	-	-	-	-
Library	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-
Opioid Settlements	-	-	-	-	-	-	-	-
Property Rental	6	125	-	-	-	-	-	-
Interest Earnings	2,562	1	-	-	-	3,702	1	1
Intergovernmental								
Federal Grants	-	1,311	3	3,869	8,667	-	-	-
State Grants	-	-	-	1,653	-	-	-	-
Miscellaneous	354	-	-	-	-	-	-	-
Developer Contributions	-	-	-	-	-	-	-	-
Streetlight and Services Districts	-	-	-	-	-	-	-	-
Contributions and Donations	-	-	-	1,664	-	-	-	-
Reimbursements from Outside Sources	212	-	-	-	40	-	-	-
Other	-	-	-	-	-	-	-	-
Total Revenues	56,123	1,437	3	7,186	8,707	64,129	1	67
EXPENDITURES								
Current								
General Government								
Mayor and City Council	-	-	-	-	-	-	-	-
City Court	-	-	-	2	-	-	-	-
City Treasurer	-	-	-	-	-	-	12	77
Other General Government	-	-	-	-	-	-	202	15
Public Works	25,409	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	10	-	-	-	-
Public Safety	-	-	-	2,004	-	-	-	-
Community Services	2,255	1,387	310	2,301	8,566	-	-	-
Administrative Services	13	-	-	1,047	-	-	-	-
Streetlight and Services Districts	-	-	-	-	-	-	-	-
Debt Service								
Principal	44	-	-	-	-	-	-	-
Interest and Fiscal Charges	2	-	-	-	-	-	-	-
Capital Outlay	1,988	-	-	84	-	-	-	-
Total Expenditures	29,711	1,387	310	5,448	8,566	-	214	92
Excess (Deficiency) of Revenues over (under) Expenditures	26,412	50	(307)	1,738	141	64,129	(213)	(25)
OTHER FINANCING SOURCES (USES)								
Transfers In	-	-	-	-	-	4	-	-
Transfers Out	(35,189)	-	-	-	-	(36,385)	-	-
Financing of Leases	8	-	-	-	-	-	-	-
Financing of Subscription-Based I.T. Arrangements	14	-	-	-	-	-	-	-
Financing of Contracts Payable	-	-	-	-	-	-	-	-
Sale of General Capital Assets	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(35,167)	-	-	-	-	(36,381)	-	-
Net Change in Fund Balances (Deficits)	(8,755)	50	(307)	1,738	141	27,748	(213)	(25)
Fund Balances (Deficits) - Beginning	47,210	(20)	-	(3,277)	688	109,936	81	36
Fund Balances (Deficits) - Ending	\$ 38,455	\$ 30	\$ (307)	\$ (1,539)	\$ 829	\$ 137,684	\$ (132)	\$ 11

(continued)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Special Revenue Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Via Linda Road CFD	Waterfront Commercial CFD	Streetlight Districts	Special Programs	Tourism Development	Stadium Facility	Total
REVENUES							
Taxes - Local							
Property	\$ 5	\$ 9	\$ -	\$ -	\$ -	\$ -	\$ 80
Transaction Privilege	-	-	-	-	-	-	94,063
Transient Occupancy	-	-	-	-	34,597	-	34,597
Light and Power Franchise	-	-	-	439	-	-	439
Other Taxes	-	-	-	6,671	-	-	6,671
Taxes - Intergovernmental							
Highway User Tax	-	-	-	-	-	-	18,743
Local Transportation Assistance Fund	-	-	-	-	-	-	610
Business and Liquor Licenses	-	-	-	46	-	-	46
Charges for Current Services							
Building and Related Permits	-	-	-	152	-	-	152
Recreation Fees	-	-	-	3,463	-	258	3,721
WestWorld Equestrian Facility Fees	-	-	-	1,431	-	-	1,431
Fines, Fees, and Forfeitures							
Court	-	-	-	128	-	-	128
Court Enhancement	-	-	-	1,705	-	-	1,705
Library	-	-	-	95	-	-	95
Police	-	-	-	90	-	-	90
Opioid Settlements	-	-	-	1,454	-	-	1,454
Property Rental	-	-	-	392	3,958	837	5,318
Interest Earnings	-	-	-	208	498	145	7,118
Intergovernmental							
Federal Grants	-	-	-	-	-	-	13,850
State Grants	-	-	-	-	-	-	1,653
Miscellaneous	-	-	-	3,248	-	-	3,602
Developer Contributions	-	-	-	2,972	-	-	2,972
Streetlight and Services Districts	-	-	489	-	-	-	489
Contributions and Donations	-	-	-	563	-	202	2,429
Reimbursements from Outside Sources	-	-	-	474	14	235	975
Other	-	-	-	78	-	-	78
Total Revenues	5	9	489	23,609	39,067	1,677	202,509
EXPENDITURES							
Current							
General Government							
Mayor and City Council	-	-	-	1	-	-	1
City Court	-	-	-	1,756	-	-	1,758
City Treasurer	12	11	-	-	-	-	112
Other General Government	65	-	77	-	-	-	359
Public Works	-	-	-	20	-	-	25,429
Community and Economic Development	-	-	-	123	22,720	-	22,853
Public Safety	-	-	-	2,793	-	-	4,797
Community Services	-	-	-	4,764	-	867	20,450
Administrative Services	-	-	-	-	-	-	1,060
Streetlight and Services Districts	-	-	533	-	-	-	533
Debt Service							
Principal	-	-	-	2,130	-	16	2,190
Interest and Fiscal Charges	-	-	-	88	-	1	91
Capital Outlay	-	-	-	5,103	-	128	7,303
Total Expenditures	77	11	610	16,778	22,720	1,012	86,936
Excess (Deficiency) of Revenues over (under) Expenditures	(72)	(2)	(121)	6,831	16,347	665	115,573
OTHER FINANCING SOURCES (USES)							
Transfers In	-	-	-	1,021	1,703	-	2,728
Transfers Out	-	-	-	(9,267)	(21,700)	(660)	(103,201)
Financing of Leases	-	-	-	566	-	-	574
Financing of Subscription-Based I.T. Arrangements	-	-	-	2,661	-	-	2,675
Financing of Contracts Payable	-	-	-	1,876	-	-	1,876
Sale of General Capital Assets	-	-	-	(100)	-	-	(100)
Total Other Financing Sources and (Uses)	-	-	-	(3,243)	(19,997)	(660)	(95,448)
Net Change in Fund Balances (Deficits)	(72)	(2)	(121)	3,588	(3,650)	5	20,125
Fund Balances (Deficits) - Beginning	77	9	42	20,393	19,094	5,101	199,370
Fund Balances (Deficits) - Ending	\$ 5	\$ 7	\$ (79)	\$ 23,981	\$ 15,444	\$ 5,106	\$ 219,495

Transportation – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Taxes - Local						
Transaction Privilege	\$ 30,933	\$ 30,933	\$ 33,636	\$ -	\$ 33,636	\$ 2,703
Taxes - Intergovernmental						
Highway User Tax	18,848	18,848	18,743	-	18,743	(105)
Local Transportation Assistance Fund	610	610	610	-	610	-
Property Rental	6	6	6	-	6	-
Interest Earnings	1,522	1,522	2,562	-	2,562	1,040
Intergovernmental						
Miscellaneous	88	88	354	-	354	266
Reimbursements from Outside Sources	21	21	212	-	212	191
Total Revenues	<u>52,028</u>	<u>52,028</u>	<u>56,123</u>	<u>-</u>	<u>56,123</u>	<u>4,095</u>
EXPENDITURES						
Current						
Public Works	30,031	28,401	27,330	(1,921)	25,409	1,071
Community Services	2,255	2,256	2,253	2	2,255	3
Administrative Services	19	19	18	(5)	13	1
Debt Service						
Principal	-	-	-	44	44	-
Interest and Fiscal Charges	-	-	-	2	2	-
Capital Outlay	-	-	-	1,988	1,988	-
Total Expenditures	<u>32,305</u>	<u>30,676</u>	<u>29,601</u>	<u>110</u>	<u>29,711</u>	<u>1,075</u>
Excess of Revenues over Expenditures	<u>19,723</u>	<u>21,352</u>	<u>26,522</u>	<u>(110)</u>	<u>26,412</u>	<u>5,170</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	(33,838)	(33,838)	(35,189)	-	(35,189)	(1,351)
Financing of Leases	-	-	-	8	8	-
Financing of Subscription-Based I.T. Arrangements	-	-	-	14	14	-
Total Other Financing Sources (Uses)	<u>(33,838)</u>	<u>(33,838)</u>	<u>(35,189)</u>	<u>22</u>	<u>(35,167)</u>	<u>(1,351)</u>
Net Change in Fund Balance	<u>\$ (14,115)</u>	<u>\$ (12,486)</u>	<u>\$ (8,667)</u>	<u>\$ (88)</u>	<u>\$ (8,755)</u>	<u>\$ 3,819</u>

Explanation of Differences:

Items recorded as revenues/other financing sources for GAAP purposes that are not recorded for budget purposes:

Financing of Leases	\$ 8
Financing of Subscription-Based I.T. Arrangements	14
Total Revenue/Other Financing Source Adjustments	<u>22</u>

The City budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	88
Non-Cash Operating Expenditures	<u>22</u>
Total Expenditures	<u>110</u>

Net Decrease in Fund Balance - Budget to GAAP \$ (88)

Differences in Presentation between Budget and GAAP Basis:

The city records principal and interest payments related to the subscription-based information technology arrangements, lease activity, and contracts payable on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

The city records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

Community Development Block Grant – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Property Rental	\$ 64	\$ 64	\$ 73	\$ 52	\$ 125	\$ 9
Interest Earnings	-	-	-	1	1	-
Intergovernmental						
Federal Grants	2,401	2,401	1,367	(56)	1,311	(1,034)
Total Revenues	<u>2,465</u>	<u>2,465</u>	<u>1,440</u>	<u>(3)</u>	<u>1,437</u>	<u>(1,025)</u>
EXPENDITURES						
Current						
Community Services	2,434	2,314	1,375	12	1,387	939
Total Expenditures	<u>2,434</u>	<u>2,314</u>	<u>1,375</u>	<u>12</u>	<u>1,387</u>	<u>939</u>
Excess of Revenues over Expenditures	<u>31</u>	<u>151</u>	<u>65</u>	<u>(15)</u>	<u>50</u>	<u>(86)</u>
OTHER FINANCING SOURCES (USES)						
Transfers Out	(31)	(31)	-	-	-	31
Total Other Financing Uses	<u>(31)</u>	<u>(31)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ 65</u>	<u>\$ (15)</u>	<u>\$ 50</u>	<u>\$ (55)</u>

Explanation of Differences:

Items recorded as revenues for GAAP purposes that are not recorded for budget purposes:

Lease Interest Revenue	\$ 1
Amortized Lease Revenue	(4)
Total Revenue Adjustments	(3)

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accrual and Compensated Absences	12
Net Decrease in Fund Balance - Budget to GAAP	<u>\$ (15)</u>

HOME – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Intergovernmental						
Federal Grants	\$ 2,148	\$ 2,148	\$ 3	\$ -	\$ 3	\$ (2,145)
Total Revenues	<u>2,148</u>	<u>2,148</u>	<u>3</u>	<u>-</u>	<u>3</u>	<u>(2,145)</u>
EXPENDITURES						
Current						
Community Services	2,148	956	310	-	310	646
Total Expenditures	<u>2,148</u>	<u>956</u>	<u>310</u>	<u>-</u>	<u>310</u>	<u>646</u>
Excess (Deficiency) of Revenues over (under) Expenditures	-	1,192	(307)	-	(307)	(1,499)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,192</u>	<u>\$ (307)</u>	<u>\$ -</u>	<u>\$ (307)</u>	<u>\$ (1,499)</u>

Grants – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Intergovernmental						
Federal Grants	\$ 8,063	\$ 8,063	\$ 3,869	\$ -	\$ 3,869	\$ (4,194)
State Grants	300	281	1,653	-	1,653	1,372
Contributions and Donations	3,259	3,259	1,664	-	1,664	(1,595)
Reimbursements from Outside Sources	582	582	-	-	-	(582)
Total Revenues	<u>12,204</u>	<u>12,185</u>	<u>7,186</u>	<u>-</u>	<u>7,186</u>	<u>(4,999)</u>
EXPENDITURES						
Current						
General Government						
Mayor and City Council	5	5	-	-	-	5
City Court	-	2	2	-	2	-
City Treasurer	-	17	-	-	-	17
Community and Economic Development	5	10	10	-	10	-
Public Safety	6,500	3,374	2,059	(55)	2,004	1,315
Community Services	4,829	2,559	2,315	(14)	2,301	244
Administrative Services	865	1,047	1,047	-	1,047	-
Capital Outlay	-	-	-	84	84	-
Total Expenditures	<u>12,204</u>	<u>7,014</u>	<u>5,433</u>	<u>15</u>	<u>5,448</u>	<u>1,581</u>
Excess of Revenues over Expenditures	<u>-</u>	<u>5,171</u>	<u>1,753</u>	<u>(15)</u>	<u>1,738</u>	<u>(3,418)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 5,171</u>	<u>\$ 1,753</u>	<u>\$ (15)</u>	<u>\$ 1,738</u>	<u>\$ (3,418)</u>

Explanation of Differences:

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	<u>\$ 15</u>
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Differences in Presentation between Budget and GAAP Basis:

The city records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

Housing Choice Voucher Program – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Intergovernmental						
Federal Grants	\$ 6,977	\$ 6,977	\$ 8,667	\$ -	\$ 8,667	\$ 1,690
Reimbursements from Outside Sources	-	-	40	-	40	40
Total Revenues	<u>6,977</u>	<u>6,977</u>	<u>8,707</u>	<u>-</u>	<u>8,707</u>	<u>1,730</u>
EXPENDITURES						
Current						
Community Services	6,977	6,977	8,561	5	8,566	(1,584)
Total Expenditures	<u>6,977</u>	<u>6,977</u>	<u>8,561</u>	<u>5</u>	<u>8,566</u>	<u>(1,584)</u>
Excess of Revenues over Expenditures	-	-	146	(5)	141	146
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146</u>	<u>\$ (5)</u>	<u>\$ 141</u>	<u>\$ 146</u>

Explanation of Differences:

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	<u>\$ 5</u>
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Preserve Privilege Tax – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Budget to GAAP Differences</u>	<u>Actual Amounts GAAP Basis</u>	<u>Variance Between Final Budget and Actual Amounts Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>				
REVENUES						
Taxes - Local						
Transaction Privilege	\$ 57,236	\$ 57,236	\$ 60,427	\$ -	\$ 60,427	\$ 3,191
Interest Earnings	2,235	2,235	3,702	-	3,702	1,467
Total Revenues	<u>59,471</u>	<u>59,471</u>	<u>64,129</u>	<u>-</u>	<u>64,129</u>	<u>4,658</u>
EXPENDITURES						
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues over Expenditures	<u>59,471</u>	<u>59,471</u>	<u>64,129</u>	<u>-</u>	<u>64,129</u>	<u>4,658</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	4	-	4	4
Transfers Out	(35,355)	(35,355)	(36,385)	-	(36,385)	(1,030)
Total Other Financing Sources (Uses)	<u>(35,355)</u>	<u>(35,355)</u>	<u>(36,381)</u>	<u>-</u>	<u>(36,381)</u>	<u>(1,026)</u>
Net Change in Fund Balance	<u>\$ 24,116</u>	<u>\$ 24,116</u>	<u>\$ 27,748</u>	<u>\$ -</u>	<u>\$ 27,748</u>	<u>\$ 3,632</u>

Streetlight Districts – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Streetlight and Services Districts	\$ 539	\$ 539	\$ 489	\$ -	\$ 489	\$ (50)
Total Revenues	<u>539</u>	<u>539</u>	<u>489</u>	<u>-</u>	<u>489</u>	<u>(50)</u>
EXPENDITURES						
Current						
Other General Government	-	-	-	77	77	-
Streetlight and Services Districts	579	579	533	-	533	46
Total Expenditures	<u>579</u>	<u>579</u>	<u>533</u>	<u>77</u>	<u>610</u>	<u>46</u>
				-		
Deficiency of Revenues under Expenditures	<u>(40)</u>	<u>(40)</u>	<u>(44)</u>	<u>(77)</u>	<u>(121)</u>	<u>(4)</u>
Net Change in Fund Balance	<u>\$ (40)</u>	<u>\$ (40)</u>	<u>\$ (44)</u>	<u>\$ (77)</u>	<u>\$ (121)</u>	<u>\$ (4)</u>

Explanation of Differences:

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Other General Government Maricopa County Qasimyar Settlement	<u>\$ 77</u>
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Special Programs – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Taxes - Local						
Light and Power Franchise	\$ 262	\$ 262	\$ 439	\$ -	\$ 439	\$ 177
Other Taxes	6,721	6,721	6,671	-	6,671	(50)
Business and Liquor Licenses	50	50	46	-	46	(4)
Charges for Current Services						
Building and Related Permits	77	77	152	-	152	75
Recreation Fees	3,046	3,046	3,463	-	3,463	417
WestWorld Equestrian Facility Fees	1,224	1,224	1,431	-	1,431	207
Fines, Fees, and Forfeitures						
Court	123	123	128	-	128	5
Court Enhancement	1,737	1,737	1,705	-	1,705	(32)
Library	115	115	95	-	95	(20)
Police	96	96	90	-	90	(6)
Opioid Settlements	-	-	1,454	-	1,454	1,454
Property Rental	365	365	392	-	392	27
Interest Earnings	85	85	208	-	208	123
Intergovernmental						
Miscellaneous	4,856	4,856	3,248	-	3,248	(1,608)
Developer Contributions	100	100	2,972	-	2,972	2,872
Contributions and Donations	488	488	563	-	563	75
Reimbursements from Outside Sources	167	167	474	-	474	307
Other	321	105	78	-	78	(27)
Total Revenues	<u>19,833</u>	<u>19,617</u>	<u>23,609</u>	<u>-</u>	<u>23,609</u>	<u>3,992</u>
EXPENDITURES						
Current						
General Government						
Mayor and City Council	231	231	1	-	1	230
City Court	2,066	2,066	1,751	5	1,756	315
Public Works	166	166	20	-	20	146
Community and Economic Development	719	719	123	-	123	596
Public Safety	4,699	4,699	4,711	(1,918)	2,793	(12)
Community Services	4,390	5,190	4,869	(105)	4,764	321
Debt Service						
Principal	38	38	116	2,014	2,130	(78)
Interest and Fiscal Charges	20	20	20	68	88	-
Capital Outlay	-	-	-	5,103	5,103	-
Total Expenditures	<u>12,329</u>	<u>13,129</u>	<u>11,611</u>	<u>5,167</u>	<u>16,778</u>	<u>1,518</u>
Excess of Revenues over Expenditures	<u>7,504</u>	<u>6,488</u>	<u>11,998</u>	<u>(5,167)</u>	<u>6,831</u>	<u>5,510</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	64	64	1,021	-	1,021	957
Transfers Out	(7,983)	(8,112)	(9,267)	-	(9,267)	(1,155)
Financing of Leases	-	-	-	566	566	-
Financing of Subscription-Based I.T. Arrangements	-	-	-	2,661	2,661	-
Financing of Contracts Payable	-	-	-	1,876	1,876	-
Sale of General Capital Assets	-	-	-	(100)	(100)	-
Total Other Financing Sources (Uses)	<u>(7,919)</u>	<u>(8,048)</u>	<u>(8,246)</u>	<u>5,003</u>	<u>(3,243)</u>	<u>(198)</u>
Net Change in Fund Balance	<u>\$ (415)</u>	<u>\$ (1,560)</u>	<u>\$ 3,752</u>	<u>\$ (164)</u>	<u>\$ 3,588</u>	<u>\$ 5,312</u>

Explanation of Differences:

Items recorded as revenues/other financing sources for GAAP purposes that are not recorded for budget purposes:

Financing of Leases	\$ 566
Financing of Subscription-Based I.T. Arrangements	2,661
Financing of Contracts Payable	1,876
Sale of General Capital Assets	(100)
Total Revenue/Other Financing Source Adjustments	<u>5,003</u>

The City budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accruals	64
Non-Cash Operating Expenditures	5,103
Total Expenditures	<u>5,167</u>

Net Decrease in Fund Balance - Budget to GAAP \$ (164)

Differences in Presentation between Budget and GAAP Basis:

The city records principal and interest payments related to the subscription-based information technology arrangements, lease activity, and contracts payable on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

The city records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

Tourism Development – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Taxes - Local						
Transient Occupancy Tax	\$ 31,448	\$ 31,448	\$ 34,597	\$ -	\$ 34,597	\$ 3,149
Property Rental	3,067	3,067	3,933	25	3,958	866
Interest Earnings	505	505	498	-	498	(7)
Reimbursements from Outside Sources	25	25	14	-	14	(11)
Total Revenues	<u>35,045</u>	<u>35,045</u>	<u>39,042</u>	<u>25</u>	<u>39,067</u>	<u>3,997</u>
EXPENDITURES						
Current						
Community and Economic Development	22,036	22,717	22,720	-	22,720	(3)
Total Expenditures	<u>22,036</u>	<u>22,717</u>	<u>22,720</u>	<u>-</u>	<u>22,720</u>	<u>(3)</u>
Excess of Revenues over Expenditures	<u>13,009</u>	<u>12,328</u>	<u>16,322</u>	<u>25</u>	<u>16,347</u>	<u>3,994</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	1,703	-	1,703	1,703
Transfers Out	(21,351)	(21,557)	(21,700)	-	(21,700)	(143)
Total Other Financing Sources (Uses)	<u>(21,351)</u>	<u>(21,557)</u>	<u>(19,997)</u>	<u>-</u>	<u>(19,997)</u>	<u>1,560</u>
Net Change in Fund Balance	<u>\$ (8,342)</u>	<u>\$ (9,229)</u>	<u>\$ (3,675)</u>	<u>\$ 25</u>	<u>\$ (3,650)</u>	<u>\$ 5,554</u>

Explanation of Differences:

Items recorded as revenues for GAAP purposes that are not recorded for budget purposes:

Amortized Lease Revenue	<u>\$ 25</u>
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Stadium Facility – Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Charges for Current Services						
Recreation Fees	\$ -	\$ -	\$ 258	\$ -	\$ 258	\$ 258
Property Rental	1,043	1,043	837	-	837	(206)
Interest Earnings	134	134	145	-	145	11
Contributions and Donations	725	725	202	-	202	(523)
Reimbursements from Outside Sources	282	282	235	-	235	(47)
Total Revenues	<u>2,184</u>	<u>2,184</u>	<u>1,677</u>	<u>-</u>	<u>1,677</u>	<u>(507)</u>
EXPENDITURES						
Current						
Community Services	888	888	1,006	(139)	867	(118)
Debt Service						
Principal	16	16	-	16	16	16
Interest and Fiscal Charges	1	1	-	1	1	1
Capital Outlay	-	-	-	128	128	-
Total Expenditures	<u>905</u>	<u>905</u>	<u>1,006</u>	<u>6</u>	<u>1,012</u>	<u>(101)</u>
Excess of Revenues over Expenditures	<u>1,279</u>	<u>1,279</u>	<u>671</u>	<u>(6)</u>	<u>665</u>	<u>(608)</u>
OTHER FINANCING USES						
Transfers Out	(660)	(660)	(660)	-	(660)	-
Total Other Financing Uses	<u>(660)</u>	<u>(660)</u>	<u>(660)</u>	<u>-</u>	<u>(660)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 619</u>	<u>\$ 619</u>	<u>\$ 11</u>	<u>\$ (6)</u>	<u>\$ 5</u>	<u>\$ (608)</u>

Explanation of Differences:

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Payroll Accrual and Compensated Absences	<u>\$ 6</u>
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Differences in Presentation between Budget and GAAP Basis:

The city records capitalized expenditures as capital outlay on the GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

The city records principal and interest payments related to the subscription-based information technology arrangements, lease activity, and contracts payable on a GAAP basis; however, for budget purposes they are included in the associated division's expenditures. These differences have no bearing on the fund balance since the overall total expenditures are the same.

Combining Balance Sheet

Nonmajor Debt Service Governmental Funds

June 30, 2024 (in thousands)

ASSETS	Municipal Property Corporation	Debt Service Stabilization	DC Ranch CFD	Waterfront Commercial CFD	Total
Cash and Investments	\$ 1	\$ 5,055	\$ -	\$ -	\$ 5,056
Cash with Fiscal Agent	16,337	-	1,296	236	17,869
Receivables (net of allowance for uncollectibles)					
Property Tax	-	-	49	-	49
Total Assets	<u>\$ 16,338</u>	<u>\$ 5,055</u>	<u>\$ 1,345</u>	<u>\$ 236</u>	<u>\$ 22,974</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1	\$ -	\$ -	\$ -	\$ 1
Matured Bond Interest Payable	2,402	-	81	22	2,505
Matured Bonds Payable	13,935	-	1,125	185	15,245
Due to Other Governments	-	-	288	-	288
Total Liabilities	<u>16,338</u>	<u>-</u>	<u>1,494</u>	<u>207</u>	<u>18,039</u>
Deferred Inflows of Resources					
Unavailable Revenues	-	-	22	-	22
Total Liabilities and Deferred Inflows of Resources	<u>16,338</u>	<u>-</u>	<u>1,516</u>	<u>207</u>	<u>18,061</u>
Fund Balances					
Restricted	-	2,372	-	29	2,401
Committed	-	2,683	-	-	2,683
Unassigned	-	-	(171)	-	(171)
Total Fund Balances	<u>-</u>	<u>5,055</u>	<u>(171)</u>	<u>29</u>	<u>4,913</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 16,338</u>	<u>\$ 5,055</u>	<u>\$ 1,345</u>	<u>\$ 236</u>	<u>\$ 22,974</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Debt Service Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Municipal Property Corporation	Debt Service Stabilization	DC Ranch CFD	Waterfront Commercial CFD	Total
REVENUES					
Taxes - Local					
Property	\$ -	\$ -	\$ 1,261	\$ 224	\$ 1,485
Interest Earnings	5	-	-	-	5
Total Revenues	<u>5</u>	<u>-</u>	<u>1,261</u>	<u>224</u>	<u>1,490</u>
EXPENDITURES					
Current					
Other General Government	-	-	288	-	288
Debt Service					
Principal	13,935	-	1,125	185	15,245
Interest and Fiscal Charges	4,813	-	162	46	5,021
Total Expenditures	<u>18,748</u>	<u>-</u>	<u>1,575</u>	<u>231</u>	<u>20,554</u>
Deficiency of Revenues under Expenditures	<u>(18,743)</u>	<u>-</u>	<u>(314)</u>	<u>(7)</u>	<u>(19,064)</u>
OTHER FINANCING SOURCES					
Transfers In	18,743	-	-	-	18,743
Total Other Financing Sources	<u>18,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,743</u>
Net Change in Fund Balances	-	-	(314)	(7)	(321)
Fund Balances - Beginning	-	5,055	143	36	5,234
Fund Balances - Ending	<u>\$ -</u>	<u>\$ 5,055</u>	<u>\$ (171)</u>	<u>\$ 29</u>	<u>\$ 4,913</u>

General Obligation Bond Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts			Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final					
REVENUES							
Taxes - Local							
Property	\$ 35,656	\$ 35,656	\$ 35,119	\$ -	\$ 35,119	\$ (537)	
Interest	-	-	1	-	1	1	
Total Revenues	<u>35,656</u>	<u>35,656</u>	<u>35,120</u>	<u>-</u>	<u>35,120</u>	<u>(536)</u>	
EXPENDITURES							
Current							
Other General Government	-	-	-	5,059	5,059	-	
Debt Service							
Principal	60,505	60,505	60,505	-	60,505	-	
Interest and Fiscal Charges	12,206	12,206	12,206	-	12,206	-	
Total Expenditures	<u>72,711</u>	<u>72,711</u>	<u>72,711</u>	<u>5,059</u>	<u>77,770</u>	<u>-</u>	
Deficiency of Revenues under Expenditures	<u>(37,055)</u>	<u>(37,055)</u>	<u>(37,591)</u>	<u>(5,059)</u>	<u>(42,650)</u>	<u>(536)</u>	
OTHER FINANCING SOURCES							
Transfers In	<u>35,355</u>	<u>35,355</u>	<u>35,464</u>	<u>-</u>	<u>35,464</u>	<u>109</u>	
Total Other Financing Sources	<u>35,355</u>	<u>35,355</u>	<u>35,464</u>	<u>-</u>	<u>35,464</u>	<u>109</u>	
Net Change in Fund Balance	<u>\$ (1,700)</u>	<u>\$ (1,700)</u>	<u>\$ (2,127)</u>	<u>\$ (5,059)</u>	<u>\$ (7,186)</u>	<u>\$ (427)</u>	

Explanation of Differences:

The city budgets for certain expenditures on the cash basis, rather than on the modified accrual basis:

Other General Government Maricopa County Qasimyar Settlement	<u>\$ 5,059</u>
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Municipal Property Corporation Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts GAAP Basis	Variance Between Final Budget and Actual Amounts Budgetary Basis
	Original	Final				
REVENUES						
Interest Earnings	\$ -	\$ -	\$ 5	\$ -	\$ 5	\$ 5
Total Revenues	-	-	5	-	5	5
EXPENDITURES						
Debt Service						
Principal	13,935	13,935	13,935	-	13,935	-
Interest and Fiscal Charges	4,813	4,813	4,813	-	4,813	-
Total Expenditures	18,748	18,748	18,748	-	18,748	-
Deficiency of Revenues under Expenditures	(18,748)	(18,748)	(18,743)	-	(18,743)	5
OTHER FINANCING SOURCES						
Transfers In	18,748	18,748	18,743	-	18,743	(5)
Total Other Financing Sources	18,748	18,748	18,743	-	18,743	(5)
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Combining Balance Sheet

Nonmajor Capital Projects Governmental Funds

June 30, 2024 (in thousands)

	General Obligation Bonds	Preserve Privilege Tax	Total
ASSETS			
Cash and Investments	\$ 6,518	\$ 9	\$ 6,527
Receivables (net of allowance for uncollectibles)			
Interest	13	-	13
Total Assets	\$ 6,531	\$ 9	\$ 6,540
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 6,697	\$ 9	\$ 6,706
Accrued Payroll and Benefits	8	4	12
Total Liabilities	6,705	13	6,718
Fund Balances (Deficits)			
Restricted	10,202	-	10,202
Unassigned	(10,376)	(4)	(10,380)
Total Fund Balances (Deficits)	(174)	(4)	(178)
Total Liabilities and Fund Balances (Deficits)	\$ 6,531	\$ 9	\$ 6,540

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Capital Projects Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	General Obligation Bonds	Preserve Privilege Tax	Total
REVENUES			
Interest Earnings	\$ 1,319	\$ -	\$ 1,319
Net Increase in the Fair Value of Investments	346	-	346
Reimbursements from Outside Sources	21	3	24
Total Revenues	<u>1,686</u>	<u>3</u>	<u>1,689</u>
EXPENDITURES			
Current			
Capital Outlay	35,469	1,033	36,502
Total Expenditures	<u>35,469</u>	<u>1,033</u>	<u>36,502</u>
Deficiency of Revenues under Expenditures	<u>(33,783)</u>	<u>(1,030)</u>	<u>(34,813)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,031	1,031
Transfers Out	(110)	(4)	(114)
Total Other Financing Sources (Uses)	<u>(110)</u>	<u>1,027</u>	<u>917</u>
Net Change in Fund Balances (Deficits)	(33,893)	(3)	(33,896)
Fund Balances (Deficits) - Beginning	<u>33,719</u>	<u>(1)</u>	<u>33,718</u>
Fund Balances (Deficits) - Ending	<u>\$ (174)</u>	<u>\$ (4)</u>	<u>\$ (178)</u>

Combining Balance Sheet

Nonmajor Permanent Governmental Funds

June 30, 2024 (in thousands)

	Rassner Memorial Scottsdale Library Endowment	Scottsdale Community Endowment	Scottsdale Employee Endowment	Herbert R. Drinkwater Youth Services Endowment	Total
ASSETS					
Cash and Investments	\$ 445	\$ 147	\$ 45	\$ 35	\$ 672
Total Assets	<u>\$ 445</u>	<u>\$ 147</u>	<u>\$ 45</u>	<u>\$ 35</u>	<u>\$ 672</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances					
Nonspendable	426	141	43	34	644
Restricted	19	6	2	1	28
Total Fund Balances	<u>445</u>	<u>147</u>	<u>45</u>	<u>35</u>	<u>672</u>
Total Liabilities and Fund Balances	<u>\$ 445</u>	<u>\$ 147</u>	<u>\$ 45</u>	<u>\$ 35</u>	<u>\$ 672</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Permanent Governmental Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Rassner Memorial Scottsdale Library Endowment	Scottsdale Community Endowment	Scottsdale Employee Endowment	Herbert R. Drinkwater Youth Services Endowment	Total
REVENUES					
Net Increase in the Fair Value of Investments	\$ 42	\$ 14	\$ 5	\$ 3	\$ 64
Total Revenues	42	14	5	3	64
EXPENDITURES					
Current					
Community Services	24	2	1	1	28
Total Expenditures	24	2	1	1	28
Excess of Revenues over Expenditures	18	12	4	2	36
Net Change in Fund Balances	18	12	4	2	36
Fund Balances - Beginning	427	135	41	33	636
Fund Balances - Ending	\$ 445	\$ 147	\$ 45	\$ 35	\$ 672

INTERNAL SERVICE FUNDS

Internal Service Funds are used to report activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units on a cost-reimbursement basis.

Fleet Management Fund

This fund accounts for the expenses associated with purchasing and maintaining the city's motor vehicles.

Self-Insurance Fund

This fund accounts for the administration of the city's self-insurance program. This fund provides coverage of unemployment, self-insured benefits, workers' compensation, and property and liability claims.

Computer Replacement Fund

This fund accounts for the expenses associated with purchasing the city's computers, monitors, and printers.

Combining Statement of Fund Net Position

Internal Service Funds

June 30, 2024 (in thousands)

	Fleet Management	Self-Insurance	Computer Replacement	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Assets				
Current Assets				
Cash and Investments	\$ 23,407	\$ 55,394	\$ 2,194	\$ 80,995
Receivables (net of allowance for uncollectibles)				
Miscellaneous	235	402	-	637
Supplies Inventory	1,412	-	-	1,412
Prepaid Items	6	-	-	6
Total Current Assets	<u>25,060</u>	<u>55,796</u>	<u>2,194</u>	<u>83,050</u>
Noncurrent Assets				
Equity in Joint Venture	4	-	-	4
Capital Assets				
Buildings and Improvements	19,003	-	-	19,003
Motor Vehicles	110,152	-	-	110,152
Machinery and Equipment	1,387	45	5,134	6,566
Construction in Progress	7,227	-	-	7,227
Leases	19	8	-	27
Subscription-Based Information Technology Arrangements	-	512	-	512
Less Accumulated Depreciation/Amortization	<u>(71,707)</u>	<u>(431)</u>	<u>(3,090)</u>	<u>(75,228)</u>
Total Capital Assets (net of accumulated depreciation/amortization)	<u>66,081</u>	<u>134</u>	<u>2,044</u>	<u>68,259</u>
Total Noncurrent Assets	<u>66,085</u>	<u>134</u>	<u>2,044</u>	<u>68,263</u>
Total Assets	<u>91,145</u>	<u>55,930</u>	<u>4,238</u>	<u>151,313</u>
Deferred Outflows of Resources				
Pension-Related Amounts	<u>567</u>	<u>161</u>	<u>-</u>	<u>728</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities				
Current Liabilities				
Accounts Payable	1,686	3,741	349	5,776
Accrued Payroll and Benefits	210	70	-	280
Accrued Compensated Absences - Due within one year	232	56	-	288
Leases - Due within one year	3	2	-	5
Subscription - Due within one year	-	115	-	115
Other Payables - Due within one year	-	10,235	-	10,235
Unearned Revenue	-	13	-	13
Total Current Liabilities	<u>2,131</u>	<u>14,232</u>	<u>349</u>	<u>16,712</u>
Noncurrent Liabilities				
Accrued Compensated Absences - Due in more than one year	135	26	-	161
Leases - Due in more than one year	13	4	-	17
Net Pension Liabilities	4,175	1,203	-	5,378
Other Payables - Due in more than one year	-	10,723	-	10,723
Total Noncurrent Liabilities	<u>4,323</u>	<u>11,956</u>	<u>-</u>	<u>16,279</u>
Total Liabilities	<u>6,454</u>	<u>26,188</u>	<u>349</u>	<u>32,991</u>
Deferred Inflows of Resources				
Pension-Related Amounts	<u>263</u>	<u>76</u>	<u>-</u>	<u>339</u>
NET POSITION				
Net Investment in Capital Assets	64,969	13	1,695	66,677
Unrestricted	<u>20,026</u>	<u>29,814</u>	<u>2,194</u>	<u>52,034</u>
Total Net Position	<u>\$ 84,995</u>	<u>\$ 29,827</u>	<u>\$ 3,889</u>	<u>\$ 118,711</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Fleet Management	Self-Insurance	Computer Replacement	Total
Operating Revenues				
Charges for Sales and Services				
Billings to User Programs	\$ 29,682	\$ 45,149	\$ 850	\$ 75,681
Self-Insurance Contributions - Employee	-	8,850	-	8,850
Self-Insurance Contributions - Retiree	-	215	-	215
State Contributions	-	79	-	79
Other	1,929	1,061	-	2,990
Total Operating Revenues	<u>31,611</u>	<u>55,354</u>	<u>850</u>	<u>87,815</u>
Operating Expenses				
Costs of Sales and Services				
Fleet Management Operations	16,674	-	-	16,674
Self-Insurance Administration	-	4,267	-	4,267
Self-Insurance Claims	-	7,928	-	7,928
Self-Insurance Benefits	-	32,624	-	32,624
Insurance and Bond Premiums	-	6,333	-	6,333
Computer Replacement	-	-	198	198
Depreciation/Amortization	10,646	125	875	11,646
Total Operating Expenses	<u>27,320</u>	<u>51,277</u>	<u>1,073</u>	<u>79,670</u>
Operating Income (Loss)	<u>4,291</u>	<u>4,077</u>	<u>(223)</u>	<u>8,145</u>
Non-Operating Revenues (Expenses)				
Property Tax	-	2,202	-	2,202
Gain (Loss) on Sale of Capital Assets	164	-	(24)	140
Net Non-Operating Revenues (Expenses)	<u>164</u>	<u>2,202</u>	<u>(24)</u>	<u>2,342</u>
Income (Loss) Before Contributions and Transfers	4,455	6,279	(247)	10,487
Capital Contributions	3,404	-	-	3,404
Transfers In	-	68	-	68
Transfers Out	-	(29)	-	(29)
Change in Net Position	7,859	6,318	(247)	13,930
Total Net Position - Beginning	77,136	23,509	4,136	104,781
Total Net Position - Ending	<u>\$ 84,995</u>	<u>\$ 29,827</u>	<u>\$ 3,889</u>	<u>\$ 118,711</u>

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2024 (in thousands)

	Fleet Management	Self-Insurance	Computer Replacement	Total
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 29,566	\$ 54,341	\$ 850	\$ 84,757
Cash Payments to Suppliers for Goods/Services	(11,467)	(47,329)	(198)	(58,994)
Cash Payments to Employees for Services	(5,049)	(2,085)	-	(7,134)
Other Cash Receipts	1,929	1,057	-	2,986
Net Cash Provided by (Used for) Operating Activities	<u>14,979</u>	<u>5,984</u>	<u>652</u>	<u>21,615</u>
Cash Flows from Non-Capital Financing Activities				
Property Tax	-	2,202	-	2,202
Transfers In	-	68	-	68
Transfers Out	-	(29)	-	(29)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>-</u>	<u>2,241</u>	<u>-</u>	<u>2,241</u>
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(15,825)	(112)	(236)	(16,173)
Sale of Capital Assets	1,159	-	-	1,159
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(14,666)</u>	<u>(112)</u>	<u>(236)</u>	<u>(15,014)</u>
Net Increase in Cash and Cash Equivalents	313	8,113	416	8,842
Cash and Cash Equivalents at Beginning of Year	<u>23,094</u>	<u>47,281</u>	<u>1,778</u>	<u>72,153</u>
Cash and Cash Equivalents at End of Year	<u>\$ 23,407</u>	<u>\$ 55,394</u>	<u>\$ 2,194</u>	<u>\$ 80,995</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ 4,291	\$ 4,077	\$ (223)	\$ 8,145
Income Provided by (Used for) Operating Activities				
Depreciation/Amortization	10,646	125	875	11,646
Current Year Pension Contributions	(435)	(123)	-	(558)
Change Equity in Joint Venture	1	-	-	1
Change in Accounts Receivable	(116)	50	-	(66)
Change in Prepaid Expenses	(5)	-	-	(5)
Change in Inventories	53	-	-	53
Change in Accounts Payable	(101)	1,953	-	1,852
Change in Unearned Revenue	-	(1)	-	(1)
Change in Accrued Payroll	26	5	-	31
Change in Compensated Absences Payable	25	(88)	-	(63)
Change in Claims Payable	-	(186)	-	(186)
Change in Net Pension Liability	(104)	(25)	-	(129)
Change in Deferred Outflows of Resources Related to Pensions	597	172	-	769
Change in Deferred Inflows of Resources Related to Pensions	101	29	-	130
Change in Other Liabilities	-	(4)	-	(4)
Total Adjustments	<u>10,688</u>	<u>1,907</u>	<u>875</u>	<u>13,470</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 14,979</u>	<u>\$ 5,984</u>	<u>\$ 652</u>	<u>\$ 21,615</u>
Supplemental Disclosure of Non-Cash Investing, Capital, and Financing Activities				
Changes to Property, Plant, and Equipment				
Contributions of Capital Assets from Other Funds	\$ 3,404	\$ -	\$ -	\$ 3,404
Initiation of Lease	(12)	-	-	(12)
Retirement of Assets	(453)	(13)	(24)	(490)
Total Non-Cash Investing, Capital, and Financing Activities	<u>\$ 2,939</u>	<u>\$ (13)</u>	<u>\$ (24)</u>	<u>\$ 2,902</u>

OTHER SUPPLEMENTARY INFORMATION

Debt Requirements

The Schedule of Changes in Long-Term Debt for the current fiscal year presents the city's debt by type without regard to fund classification.

Debt issued by community facilities districts is included for full disclosure although such debt is not legally an obligation of the city.

Schedule of Changes in Long-Term Debt*

For the Fiscal Year Ended June 30, 2024 (in thousands)

	July 1, 2023	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2024	Governmental Activities	Business-type Activities	Final Payment Date
GENERAL OBLIGATION BONDS										
Governmental Activities										
2012 GO Refunding Preservation	\$ 5,370	\$ -	\$ 5,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	07/01/24
2013 GO Preservation	2,500	-	2,500	-	-	-	-	-	-	07/01/24
2014 GO Preservation	2,105	-	675	-	-	-	1,430	1,430	-	07/01/26
2015 GO Refunding Various Purpose	53,360	-	18,340	-	-	-	35,020	35,020	-	07/01/28
2015 GO Refunding Preservation	15,710	-	12,225	-	-	-	3,485	3,485	-	07/01/28
2017A GO Preservation	17,410	-	-	-	-	-	17,410	17,410	-	07/01/34
2017B GO Preservation Acquisition Refinancing	5,790	-	5,790	-	-	-	-	-	-	07/01/24
2017 GO Refunding Various Purpose	21,742	-	2,932	-	-	-	18,810	18,810	-	07/01/29
2017 GO Refunding Preservation	12,258	-	978	-	-	-	11,280	11,280	-	07/01/34
2017C GO Various Purpose	9,140	-	1,960	-	-	-	7,180	7,180	-	07/01/27
2020 GO Taxable Refunding Preservation	155,100	-	3,625	-	-	-	151,475	151,475	-	07/01/34
2021 GO Various Purpose	27,675	-	1,225	-	-	-	26,450	26,450	-	07/01/40
2021 GO Taxable Various Purpose	17,750	-	890	-	-	-	16,860	16,860	-	07/01/40
2023 GO Various Purpose	34,175	-	1,975	-	-	-	32,200	32,200	-	07/01/42
2023 GO Taxable Various Purpose	39,530	-	2,020	-	-	-	37,510	37,510	-	07/01/42
2012 GO Refunding Series Issuance Premium	282	-	-	-	-	(282)	-	-	-	-
2013 GO Preserve Issuance Premium	60	-	-	-	-	(60)	-	-	-	-
2014 GO Preserve Issuance Premium	74	-	-	-	-	(24)	50	50	-	-
2015 GO Refunding Series Issuance Premium	6,294	-	-	-	-	(1,259)	5,035	5,035	-	-
2017A GO Preserve Series Issuance Premium	1,780	-	-	-	-	(162)	1,618	1,618	-	-
2017B GO Preserve Acquisition Refinancing Series Issuance Premium	485	-	-	-	-	(485)	-	-	-	-
2017 GO Refunding Series Issuance Premium	4,303	-	-	-	-	(391)	3,912	3,912	-	-
2017C GO Various Purpose Issuance Premium	1,462	-	-	-	-	(366)	1,096	1,096	-	-
2021 GO Various Purpose Issuance Premium	3,171	-	-	-	-	(187)	2,984	2,984	-	-
2021 GO Taxable Various Purpose Issuance Premium	511	-	-	-	-	(30)	481	481	-	-
2023 GO Various Purpose Issuance Premium	4,041	-	-	-	-	(212)	3,829	3,829	-	-
2023 GO Taxable Various Purpose Issuance Premium	705	-	-	-	-	(37)	668	668	-	-
Total General Obligation Bonds	\$ 442,783	\$ -	\$ 60,505	\$ -	\$ -	\$ (3,495)	\$ 378,783	\$ 378,783	\$ -	-

(continued)

Schedule of Changes in Long-Term Debt*

For the Fiscal Year Ended June 30, 2024 (in thousands)

	July 1, 2023	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2024	Governmental Activities	Business-type Activities	Final Payment Date
MUNICIPAL PROPERTY CORPORATION BONDS										
Governmental Activities										
2006 MPC Refunding	\$ 38,510	\$ -	\$ 3,470	\$ -	\$ -	\$ -	\$ 35,040	\$ 35,040	\$ -	07/01/34
2014 MPC Refunding	9,275	-	2,150	-	-	-	7,125	7,125	-	07/01/27
2015A MPC	7,390	-	595	-	-	-	6,795	6,795	-	07/01/34
2015A MPC Taxable	9,395	-	705	-	-	-	8,690	8,690	-	07/01/34
2019A MPC	8,095	-	360	-	-	-	7,735	7,735	-	07/01/39
2019B MPC Taxable	28,105	-	1,465	-	-	-	26,640	26,640	-	07/01/39
2021B MPC Taxable Refunding	66,680	-	5,190	-	-	-	61,490	61,490	-	07/01/35
2006 Refunding Series Issuance Premium	2,718	-	-	-	-	(247)	2,471	2,471	-	-
2014 Refunding Series Issuance Premium	813	-	-	-	-	(204)	609	609	-	-
2015A Series Issuance Premium	601	-	-	-	-	(55)	546	546	-	-
2015A Taxable Series Issuance Premium	152	-	-	-	-	(14)	138	138	-	-
2019A Series Issuance Premium	1,011	-	-	-	-	(63)	948	948	-	-
2019B Taxable Series Issuance Premium	63	-	-	-	-	(3)	60	60	-	-
Subtotal Governmental Activities	172,808	-	13,935	-	-	(586)	158,287	158,287	-	-
Business-type Activities										
2006 MPC Refunding	43,135	-	10,140	-	-	-	32,995	-	32,995	07/01/30
2015A MPC Bonds Water/Sewer	11,195	-	900	-	-	-	10,295	-	10,295	07/01/34
2015 MPC Refunding	14,865	-	4,725	-	-	-	10,140	-	10,140	07/01/26
2017 MPC Refunding	39,605	-	2,265	-	-	-	37,340	-	37,340	07/01/34
2017A MPC Bonds Water	30,810	-	1,655	-	-	-	29,155	-	29,155	07/01/37
2017B MPC Bonds Aviation	18,590	-	990	-	-	-	17,600	-	17,600	07/01/37
2021A MPC Refunding	7,920	-	-	-	-	-	7,920	-	7,920	07/01/30
2021B MPC Taxable Refunding	60,420	-	1,325	-	-	-	59,095	-	59,095	07/01/36
2006 Refunding Series Issuance Premium	3,945	-	-	-	-	(564)	3,381	-	3,381	-
2015A Series Issuance Premium	910	-	-	-	-	(83)	827	-	827	-
2015 Refunding Series Issuance Premium	1,771	-	-	-	-	(590)	1,181	-	1,181	-
2017 Refunding Series Issuance Premium	3,611	-	-	-	-	(329)	3,282	-	3,282	-
2017A Series Issuance Premium	2,290	-	-	-	-	(163)	2,127	-	2,127	-
2017B Series Issuance Premium	1,171	-	-	-	-	(84)	1,087	-	1,087	-
2021A Refunding Issuance Premium	2,193	-	-	-	-	(313)	1,880	-	1,880	-
Subtotal Business-type Activities	242,431	-	22,000	-	-	(2,126)	218,305	-	218,305	-
Total Municipal Property Corporation Bonds	\$ 415,239	\$ -	\$ 35,935	\$ -	\$ -	\$ (2,712)	\$ 376,592	\$ 158,287	\$ 218,305	-
COMMUNITY FACILITIES DISTRICT BONDS										
Governmental Activities										
DC Ranch Refunding Series 2012	\$ 4,740	\$ -	\$ 1,125	\$ -	\$ -	\$ -	\$ 3,615	\$ 3,615	\$ -	07/15/27
Waterfront Commercial Refunding Series 2019	1,843	-	185	-	-	-	1,658	1,658	-	07/15/32
DC Ranch 2012 Issuance Premium	157	-	-	-	-	(39)	118	118	-	-
Total Community Facilities District Bonds	\$ 6,740	\$ -	\$ 1,310	\$ -	\$ -	\$ (39)	\$ 5,391	\$ 5,391	\$ -	-
Total Bonds	\$ 864,762	\$ -	\$ 97,750	\$ -	\$ -	\$ (6,246)	\$ 760,766	\$ 542,461	\$ 218,305	-

*This exhibit includes both Governmental Activities and Business-type Activities debt (paid out of Enterprise Funds).

(continued)

Schedule of Changes in Long-Term Debt*

For the Fiscal Year Ended June 30, 2024 (in thousands)

	July 1, 2023	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2024	Governmental Activities	Business-type Activities	Final Payment Date
CONTRACTS PAYABLE										
Governmental Activities										
PNC Bank	\$ 360	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ 245	\$ 245	\$ -	01/01/33
Investigative Equipment - Public Safety	285	-	285	-	-	-	-	-	-	04/25/24
Protective Equipment - Public Safety	149	-	73	-	-	(76)	-	-	-	01/12/24
Field Maintenance Equipment - Community Services	114	-	30	-	-	-	84	84	-	03/30/27
I.T. Hardware Equipment - Public Safety - 2023	175	-	86	-	-	(89)	-	-	-	07/15/23
I.T. Hardware Equipment - Public Safety - 2024	-	1,876	419	-	-	-	1,457	1,457	-	10/01/27
Total Contracts	\$ 1,083	\$ 1,876	\$ 1,008	\$ -	\$ -	\$ (165)	\$ 1,786	\$ 1,786	\$ -	
LEASES										
Governmental Activities										
Baseball Facility - Community Services	\$ 1,058	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ 1,051	\$ 1,051	\$ -	12/01/52
Distributed Antenna System - Administrative Services	46	-	6	-	-	-	40	40	-	12/01/29
Data Center Space - Administrative Services	814	-	226	-	-	-	588	588	-	09/01/26
Street Maintenance Equipment - Public Works	59	-	39	-	-	-	20	20	-	11/24/24
Vehicles - Public Safety	475	793	328	-	-	(45)	895	895	-	06/01/27
Imaging Equipment - Various Governmental Funds	481	454	136	-	-	-	799	799	-	03/01/29
Imaging Equipment - Fleet Management	7	11	2	-	-	-	16	16	-	03/01/29
Imaging Equipment - Risk Management	7	-	1	-	-	-	6	6	-	11/01/27
Situational Awareness Cameras - Public Safety	-	561	139	-	-	-	422	422	-	08/11/27
Document Inserter - City Treasurer	-	171	11	-	-	-	160	160	-	02/01/29
Subtotal Governmental Activities	2,947	1,990	895	-	-	(45)	3,997	3,997	-	
Business-type Activities										
Imaging Equipment - Water and Sewer Utility	43	47	12	-	-	-	78	-	78	03/01/29
Imaging Equipment - Airport	15	-	3	-	-	-	12	-	12	03/01/28
Imaging Equipment - Solid Waste	8	-	2	-	-	-	6	-	6	08/01/27
Water Quality Monitoring and Treatment Software - Water and Sewer Utility	30	-	10	-	-	-	20	-	20	02/16/26
Subtotal Business-type Activities	96	47	27	-	-	-	116	-	116	
Total Leases	\$ 3,043	\$ 2,037	\$ 922	\$ -	\$ -	\$ (45)	\$ 4,113	\$ 3,997	\$ 116	
SUBSCRIPTIONS										
Governmental Activities										
Event Registration and Management System - Public Safety	\$ 8	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ 4	\$ 4	\$ -	01/14/25
Platform for Payroll and HRIS Services - Administrative Services/City Treasurer	596	-	205	-	-	37	428	428	-	04/01/26
Risk Management Information System - Self Insurance	225	-	110	-	-	-	115	115	-	07/01/24
Enterprise Software - Administrative Services - 2021	2,173	-	2,173	-	-	-	-	-	-	08/01/22
Server Software - Administrative Services - 2021	58	-	58	-	-	-	-	-	-	08/01/22
Debt Management Software - City Treasurer	12	-	12	-	-	-	-	-	-	12/01/23
Enterprise Software - Administrative Services - 2023	127	-	127	-	-	-	-	-	-	08/01/22
Enterprise Software - Administrative Services - 2022	49	-	49	-	-	-	-	-	-	08/01/22
Investigative Software and Storage - Public Safety - 2023	851	-	851	-	-	-	-	-	-	07/15/23
Core Enterprise User Plan - Administrative Services	181	-	89	-	-	-	92	92	-	10/18/24
Digital Signage and Program/Event Communications - Community Services	35	-	17	-	-	-	18	18	-	08/29/24
Policy and Accreditation Software - Public Safety	20	-	20	-	-	-	-	-	-	08/16/23
E-mail and Communication Management Service - Administrative Services	28	-	-	-	-	-	28	28	-	08/01/24
Evacuation Planning Software - Public Safety	-	72	50	-	-	-	22	22	-	11/13/25
Situational Awareness Software - Public Safety	-	167	37	-	-	-	130	130	-	08/11/27
Enterprise Software - Administrative Services - 2024	-	5,870	1,126	-	-	-	4,744	4,744	-	08/01/28
Server Software - Administrative Services - 2024	-	121	23	-	-	-	98	98	-	08/01/28
Network Automation Software - Administrative Services	-	293	103	-	-	-	190	190	-	11/11/25
Imaging - Administrative Services	-	436	154	-	-	-	282	282	-	12/03/25
Geospatial Technology System - Public Works/Administrative Services	-	105	37	-	-	-	68	68	-	07/01/25
Advanced Network Management - Administrative Services	-	1,426	274	-	-	-	1,152	1,152	-	03/15/29
Computer Aided Dispatch Subscription - Public Safety	-	525	347	-	-	-	178	178	-	07/01/25
Security and Compliance Automation Platform - Administrative Services	-	100	36	-	-	-	64	64	-	04/19/26
Investigative Software and Storage - Public Safety - 2024	-	2,661	594	-	-	-	2,067	2,067	-	10/01/27
Cyber Asset Attack Surface Management Tool - Administrative Services	-	131	-	-	-	-	131	131	-	12/02/25
Subtotal Governmental Activities	4,363	11,907	6,496	-	-	37	9,811	9,811	-	
Business-type Activities										
Airport Agreement Tracking - Airport	29	-	29	-	-	-	-	-	-	07/01/23
Water Quality Monitoring and Treatment Software - Water and Sewer Utility	90	-	29	-	-	-	61	-	61	02/16/26
Core and Permit Management Modules - Water and Sewer Utility	25	-	25	-	-	-	-	-	-	07/01/23
Geospatial Technology System - Water and Sewer Utility	-	29	10	-	-	-	19	-	19	07/01/25
Geospatial Technology System - Solid Waste	-	6	2	-	-	-	4	-	4	07/01/25
Subtotal Business-type Activities	144	35	95	-	-	-	84	-	84	
Total Subscriptions	\$ 4,507	\$ 11,942	\$ 6,591	\$ -	\$ -	\$ 37	\$ 9,895	\$ 9,811	\$ 84	

*This exhibit includes both Governmental Activities and Business-type Activities debt (paid out of Enterprise Funds).

(continued)

Schedule of Changes in Long-Term Debt*

For the Fiscal Year Ended June 30, 2024 (in thousands)

	July 1, 2023	Issued	Retired	Refunding Bonds Issued	Bonds Defeased	Accretions, Amortizations, and Contract Adjustments	June 30, 2024	Governmental Activities	Business-type Activities	Final Payment Date
PUBLIC-PUBLIC PARTNERSHIPS										
Governmental Activities										
Bureau of Reclamation\Westworld	\$ 1,964	\$ -	\$ 140	\$ -	\$ -	\$ -	\$ 1,824	\$ 1,824	\$ -	2032
Bureau of Reclamation\TPC	2,656	-	112	-	-	-	2,544	2,544	-	2035
Total Public-Public Partnerships	\$ 4,620	\$ -	\$ 252	\$ -	\$ -	\$ -	\$ 4,368	\$ 4,368	\$ -	
TOTAL BONDS, CONTRACTS, LEASES, SUBSCRIPTIONS, AND PUBLIC-PUBLIC PARTNERSHIPS										
	\$ 878,015	\$ 15,855	\$ 106,523	\$ -	\$ -	\$ (6,419)	\$ 780,928	\$ 562,423	\$ 218,505	
								\$ 33,266	\$ 4,399	
								863	-	
								318,881	33,279	
								20,958	-	
								-	45,186	
Total Long-Term Debt								\$ 936,391	\$ 301,369	

*This exhibit includes both Governmental Activities and Business-type Activities debt (paid out of Enterprise Funds).



Statistical Section

	Page
Contents	
Financial Trends	184
These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	
Revenue Capacity	193
These schedules contain information to help the reader assess the city's most significant local revenue sources, property tax, and sales and use taxes.	
Debt Capacity	200
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	206
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	208
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

City of Scottsdale, Arizona
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

Table I

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 2,663,269	\$ 3,406,976	\$ 3,530,134	\$ 3,604,063	\$ 3,675,567	\$ 3,748,249	\$ 4,065,844	\$ 4,162,863	\$ 4,247,801	\$ 4,468,449
Restricted	117,485	122,932	125,366	123,057	119,657	146,017	189,263	266,758	330,043	350,415
Unrestricted	(19,464)	(3,679)	(43,632)	(27,779)	(5,012)	23,905	63,519	132,712	234,291	303,529
Total Governmental Activities Net Position	<u>\$ 2,761,290</u> ⁽¹⁾	<u>\$ 3,526,229</u> ⁽³⁾	<u>\$ 3,611,868</u>	<u>\$ 3,699,341</u> ⁽⁵⁾	<u>\$ 3,790,212</u>	<u>\$ 3,918,171</u> ⁽⁶⁾	<u>\$ 4,318,626</u>	<u>\$ 4,562,333</u>	<u>\$ 4,812,135</u> ⁽⁷⁾	<u>\$ 5,122,393</u>
Business-type Activities										
Net Investment in Capital Assets	\$ 1,036,650	\$ 1,059,001	\$ 1,069,475	\$ 1,099,864	\$ 1,093,556	\$ 1,102,183	\$ 1,157,026	\$ 1,195,005	\$ 1,221,022	\$ 1,316,476
Restricted	46,901	47,521	48,911	48,926	52,204	52,728	51,596	54,717	54,119	4,907
Unrestricted	253,109	255,503	256,129	250,500	282,796	301,788	291,368	284,046	284,450	311,128
Total Business-type Activities Net Position	<u>\$ 1,336,660</u> ⁽²⁾	<u>\$ 1,362,025</u> ⁽⁴⁾	<u>\$ 1,374,515</u>	<u>\$ 1,399,290</u>	<u>\$ 1,428,556</u>	<u>\$ 1,456,699</u>	<u>\$ 1,499,990</u>	<u>\$ 1,533,768</u>	<u>\$ 1,559,591</u>	<u>\$ 1,632,511</u>
Primary Government										
Net Investment in Capital Assets	\$ 3,699,919	\$ 4,465,977	\$ 4,599,609	\$ 4,703,927	\$ 4,769,123	\$ 4,850,432	\$ 5,222,870	\$ 5,357,868	\$ 5,468,823	\$ 5,784,925
Restricted	164,386	170,453	174,277	171,983	171,861	198,745	240,859	321,475	384,162	355,322
Unrestricted	233,645	251,824	212,497	222,721	277,784	325,693	354,887	416,758	518,741	614,657
Total Primary Government Net Position	<u>\$ 4,097,950</u>	<u>\$ 4,888,254</u>	<u>\$ 4,986,383</u>	<u>\$ 5,098,631</u>	<u>\$ 5,218,768</u>	<u>\$ 5,374,870</u>	<u>\$ 5,818,616</u>	<u>\$ 6,096,101</u>	<u>\$ 6,371,726</u>	<u>\$ 6,754,904</u>

⁽¹⁾In fiscal year 2015, beginning net position was restated due to the implementation of GASB Statement No. 68 and an adjustment to capital assets.
⁽²⁾In fiscal year 2015, beginning net position was restated due to the implementation of GASB Statement No. 68 and an adjustment involving prior-year revenue.
⁽³⁾In fiscal year 2016, beginning net position was restated due to an adjustment to capital assets and the recognition of the city's involvement in a joint venture.
⁽⁴⁾In fiscal year 2016, beginning net position was restated due to the recognition of the city's involvement in a joint venture.
⁽⁵⁾In fiscal year 2018, beginning net position was restated due to the implementation of GASB Statement No. 75 and to record the city's endowment funds.
⁽⁶⁾In fiscal year 2020, beginning net position was restated due to the implementation of GASB Statement No. 87.
⁽⁷⁾In fiscal year 2023, beginning net position was restated due to the implementation of GASB Statement No. 94.
⁽⁸⁾In fiscal year 2024, beginning net position was restated due to the implementation of GASB Implementation Guide 2021-1.

City of Scottsdale, Arizona

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(in thousands)

Table IIa

	2015	2016	2017 ⁽¹⁾	2018 ⁽²⁾	2019	2020	2021	2022	2023	2024
Expenses										
Governmental Activities										
General Government										
Mayor and City Council	\$ 790	\$ 813	\$ 869	\$ 638	\$ 704	\$ 770	\$ 725	\$ 894	\$ 898	\$ 1,027
City Clerk	927	1,129	845	695	952	1,171	1,209	1,211	1,090	968
City Attorney	6,103	6,893	6,460	6,486	6,890	6,731	6,860	7,389	7,679	8,059
City Auditor	792	821	802	800	898	1,045	1,069	1,103	1,117	1,046
City Court	5,682	4,964	5,421	5,530	5,509	6,047	6,298	6,558	6,475	7,357
City Manager	1,828	1,974	2,288	3,062	3,691	4,647	3,766	5,083	5,639	2,035
City Treasurer	5,088	5,658	5,792	6,071	8,209	9,825	9,688	9,593	10,327	11,683
Other General Government	-	-	-	-	-	-	-	-	-	10,567
Public Works	40,631	38,291	40,035	42,205	47,420	99,218	100,705	109,623	110,284	115,686
Community and Economic Development	138,899	102,892	102,813	102,153	102,680	41,946	35,999	46,396	49,554	51,851
Public Safety	135,647	136,261	172,452	153,256	153,817	173,352	172,141	175,466	182,910	206,102
Community Services	55,134	53,322	54,155	54,710	56,730	64,247	64,769	72,628	80,219	87,734
Administrative Services	17,849	20,264	19,326	21,173	17,974	19,375	19,189	24,705	21,486	34,605
Scottsdale AZ CARES	-	-	-	-	-	-	11,742	2,555	321	117
Streetlight and Service Districts	583	589	589	605	584	555	545	535	529	533
(Gain) Loss on In-Substance Defeasance of Debt	-	-	(32)	-	-	34	-	-	-	-
Interest on Long-Term Debt	34,134	31,665	28,462	28,724	26,364	23,928	17,043	16,857	15,619	16,029
Bond Issuance Costs	1,643	-	672	-	-	-	-	-	-	-
Total Governmental Activities Expenses	<u>445,730</u>	<u>405,536</u>	<u>440,949</u>	<u>426,108</u>	<u>432,422</u>	<u>452,891</u>	<u>451,748</u>	<u>480,596</u>	<u>494,147</u>	<u>555,399</u>
Business-type Activities										
Water Utility	95,958	100,854	95,745	96,493	96,010	105,222	106,778	109,606	117,079	124,386
Sewer Utility	44,352	42,058	50,535	52,142	50,462	57,847	54,152	55,167	66,634	58,401
Airport	3,703	3,894	4,151	7,624	5,370	6,764	7,024	9,150	9,257	9,685
Solid Waste	20,911	20,786	20,181	19,735	21,790	23,195	25,290	26,850	28,755	29,176
Total Business-type Activities Expenses	<u>164,924</u>	<u>167,592</u>	<u>170,612</u>	<u>175,994</u>	<u>173,632</u>	<u>193,028</u>	<u>193,244</u>	<u>200,773</u>	<u>221,725</u>	<u>221,648</u>
Total Primary Government Expenses	<u>\$ 610,654</u>	<u>\$ 573,128</u>	<u>\$ 611,561</u>	<u>\$ 602,102</u>	<u>\$ 606,054</u>	<u>\$ 645,919</u>	<u>\$ 644,992</u>	<u>\$ 681,369</u>	<u>\$ 715,872</u>	<u>\$ 777,047</u>

⁽¹⁾In fiscal year 2017, the city adopted GASB Statement No. 86, which requires the recognition of a gain/loss when bonds are defeased in-substance using existing resources.

⁽²⁾In fiscal year 2018, the city instituted the practice of allocating bond issuance costs amongst the relevant functions.

City of Scottsdale, Arizona
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)
 (in thousands)

Table IIb

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Revenue										
Governmental Activities										
Charges for Services:										
General Government										
Mayor and City Council	\$ 176	\$ 155	\$ 157	\$ 149	\$ 142	\$ 146	\$ 160	\$ 162	\$ 175	\$ 70
City Clerk	227	148	178	165	171	227	175	173	154	66
City Attorney	737	656	688	1,082	792	795	741	597	702	1,514
City Auditor	188	176	167	181	203	210	221	218	222	145
City Court	-	-	-	-	-	-	-	-	-	-
City Manager	232	225	226	411	349	373	562	529	539	1,198
City Treasurer	2,719	2,610	2,583	2,688	3,036	3,045	3,521	3,542	4,612	7,436
Other General Government	-	-	-	-	-	-	-	-	-	-
Public Works	1,861	6,149	2,041	1,569	1,567	1,763	113	167	223	67
Community and Economic Development	19,474	17,464	18,455	19,503	20,562	22,102	17,457	41,773	17,655	21,993
Public Safety	10,350	11,459	11,739	11,203	11,107	11,088	10,251	11,891	11,104	14,002
Community Services	6,334	6,269	6,268	6,820	7,078	9,908	11,338	14,375	35,335	18,302
Administrative Services	2,827	2,926	3,096	3,094	2,617	2,815	1,987	2,954	2,971	2,498
Scottsdale AZ CARES	-	-	-	-	-	-	-	-	-	-
Streetlight and Services Districts	531	577	602	584	591	617	529	524	525	489
Operating Grants and Contributions	28,397	29,708	29,724	30,760	34,233	55,604	52,751	53,960	55,318	56,708
Capital Grants and Contributions	14,831	82,162	107,334	60,819	35,620	50,088	305,241	87,927	52,556	116,728
Total Governmental Activities Revenues	<u>88,884</u>	<u>160,684</u>	<u>183,258</u>	<u>139,028</u>	<u>118,068</u>	<u>158,781</u>	<u>405,047</u>	<u>218,792</u>	<u>182,091</u>	<u>241,216</u>
Business-type Activities										
Charges for Services:										
Water Utility	98,495	110,560	107,031	117,537	109,947	119,345	130,843	124,640	129,022	151,260
Sewer Utility	39,541	39,741	40,434	40,666	45,419	44,047	45,391	49,823	51,066	50,924
Airport	4,020	4,404	4,390	4,335	5,493	5,851	7,695	9,209	10,489	10,905
Solid Waste	20,232	20,120	20,269	19,687	21,344	22,650	25,532	27,177	31,080	33,738
Capital Grants and Contributions	11,726	22,545	17,539	23,865	17,833	26,631	34,573	38,822	31,597	43,641
Total Business-type Activities Revenues	<u>174,014</u>	<u>197,370</u>	<u>189,663</u>	<u>206,090</u>	<u>200,036</u>	<u>218,524</u>	<u>244,034</u>	<u>249,671</u>	<u>253,254</u>	<u>290,468</u>
Total Primary Government Revenues	<u>\$ 262,898</u>	<u>\$ 358,054</u>	<u>\$ 372,921</u>	<u>\$ 345,118</u>	<u>\$ 318,104</u>	<u>\$ 377,305</u>	<u>\$ 649,081</u>	<u>\$ 468,463</u>	<u>\$ 435,345</u>	<u>\$ 531,684</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (356,846)	\$ (244,852)	\$ (257,691)	\$ (287,080)	\$ (314,354)	\$ (294,110)	\$ (46,701)	\$ (261,804)	\$ (312,056)	\$ (314,183)
Business-type Activities	9,090	29,778	19,051	30,096	26,404	25,496	50,790	48,898	31,529	68,820
Total Primary Government Net Expense	<u>\$ (347,756)</u>	<u>\$ (215,074)</u>	<u>\$ (238,640)</u>	<u>\$ (256,984)</u>	<u>\$ (287,950)</u>	<u>\$ (268,614)</u>	<u>\$ 4,089</u>	<u>\$ (212,906)</u>	<u>\$ (280,527)</u>	<u>\$ (245,363)</u>

City of Scottsdale, Arizona
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(in thousands)

Table IIc

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes	\$ 257,860	\$ 265,416	\$ 262,144	\$ 287,456	\$ 306,274	\$ 316,478	\$ 340,559	\$ 408,581	\$ 424,622	\$ 431,798
Intergovernmental - Unrestricted	56,316	57,630	61,851	66,299	70,380	75,300	85,177	86,281	103,128	122,241
Interest and Investment Income	1,372	2,955	1,132	2,218	11,860	14,605	2,487	(13,201)	10,879	40,323
Miscellaneous and Special Items	13,829	9,987	10,568	10,548	9,130	7,248	10,387	16,088	14,493	16,697
Transfers	6,579	7,174	7,635	7,756	7,581	8,432	8,546	7,762	8,660	9,652
Total Governmental Activities	<u>335,956</u>	<u>343,162</u>	<u>343,330</u>	<u>374,277</u>	<u>405,225</u>	<u>422,063</u>	<u>447,156</u>	<u>505,511</u>	<u>561,782</u>	<u>620,711</u>
Business-type Activities										
Taxes	169	145	158	144	167	128	177	232	261	233
Interest and Investment Income	1,346	2,531	916	2,291	10,276	10,951	870	(7,590)	3,319	13,148
Transfers	(6,579)	(7,174)	(7,635)	(7,756)	(7,581)	(8,432)	(8,546)	(7,762)	(8,660)	(9,652)
Total Business-type Activities	<u>(5,064)</u>	<u>(4,498)</u>	<u>(6,561)</u>	<u>(5,321)</u>	<u>2,862</u>	<u>2,647</u>	<u>(7,499)</u>	<u>(15,120)</u>	<u>(5,080)</u>	<u>3,729</u>
Total Primary Government	<u>\$ 330,892</u>	<u>\$ 338,664</u>	<u>\$ 336,769</u>	<u>\$ 368,956</u>	<u>\$ 408,087</u>	<u>\$ 424,710</u>	<u>\$ 439,657</u>	<u>\$ 490,391</u>	<u>\$ 556,702</u>	<u>\$ 624,440</u>
Change in Net Position										
Governmental Activities	\$ (20,890)	\$ 98,310	\$ 85,639	\$ 87,197	\$ 90,871	\$ 127,953	\$ 400,455	\$ 243,707	\$ 249,726	\$ 306,528
Business-type Activities	4,026	25,280	12,490	24,775	29,266	28,143	43,291	33,778	26,449	72,549
Total Primary Government	<u>\$ (16,864)</u>	<u>\$ 123,590</u>	<u>\$ 98,129</u>	<u>\$ 111,972</u>	<u>\$ 120,137</u>	<u>\$ 156,096</u>	<u>\$ 443,746</u>	<u>\$ 277,485</u>	<u>\$ 276,175</u>	<u>\$ 379,077</u>

City of Scottsdale, Arizona
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

Table III

	2015	2016	2017	2018 ⁽¹⁾	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 227	\$ 249	\$ 269	\$ 264	\$ 271	\$ 278	\$ 304	\$ 404	\$ 486	\$ 570
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	56,017	65,347	58,518	72,809	97,097	136,390	170,994	191,490	226,509	246,432
Total General Fund	<u>\$ 56,244</u>	<u>\$ 65,596</u>	<u>\$ 58,787</u>	<u>\$ 73,073</u>	<u>\$ 97,368</u>	<u>\$ 136,668</u>	<u>\$ 171,298</u>	<u>\$ 191,894</u>	<u>\$ 226,995</u>	<u>\$ 247,002</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 619	\$ 604	\$ 555	\$ 681	\$ 599	\$ 609	\$ 644
Restricted	113,237	116,847	105,777	115,391	112,267	133,424	200,495	250,160	342,895	328,284
Committed	49,554	52,508	58,644	62,867	65,100	67,703	81,703	98,518	155,759	204,861
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned, Reported in:										
Special Revenue Funds	(1,083)	(1,010)	(2,175)	(681)	(708)	(2,807)	(2,111)	(4,153)	(3,959)	(4,174)
Debt Service Funds	-	-	-	-	(589)	-	-	-	-	(171)
Capital Project Funds	(4,770)	(4,720)	(11,205)	(6,957)	(13,154)	(7,594)	(4,689)	(24,834)	(23,171)	(45,328)
Total All Other Governmental Funds	<u>\$ 156,938</u>	<u>\$ 163,625</u>	<u>\$ 151,041</u>	<u>\$ 171,239</u>	<u>\$ 163,520</u>	<u>\$ 191,281</u>	<u>\$ 276,079</u>	<u>\$ 320,290</u>	<u>\$ 472,133</u>	<u>\$ 484,116</u>

⁽¹⁾In fiscal year 2018, beginning fund balance was restated due to the recognition of the city's endowment funds.

City of Scottsdale, Arizona
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

Table IVa

	2015	2016 ⁽¹⁾	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Taxes - Local	\$ 258,851	\$ 264,414	\$ 264,299	\$ 288,335	\$ 310,433	\$ 317,143	\$ 340,782	\$ 409,773	\$ 438,942	\$ 434,239
Taxes - Intergovernmental	68,603	70,526	75,978	81,197	83,962	87,760	98,603	99,642	114,500	133,032
Business and Liquor Licenses	1,925	1,894	1,861	1,768	1,918	1,869	1,708	1,915	2,862	2,746
Charges for Current Services	25,855	24,404	25,225	27,063	29,774	30,009	34,702	36,960	35,960	41,176
Fines, Fees, and Forfeitures	10,000	10,617	10,532	10,387	8,960	8,831	7,816	8,679	8,074	10,619
Property Rental	5,282	4,922	5,854	5,859	6,089	4,031	7,221	11,366	10,045	11,884
Interest Earnings	1,934	2,373	2,634	4,224	6,956	8,595	6,790	6,379	14,029	25,456
Net Increase (Decrease) in the Fair Value of Investments	(562)	582	(1,502)	(2,006)	4,904	6,010	(4,303)	(19,580)	(3,150)	14,867
Intergovernmental	19,846	16,070	20,725	27,335	25,479	47,850	36,004	40,157	59,267	48,223
Developer Contributions	653	319	498	835	412	1,128	2,723	4,012	7,679	3,478
Streetlight and Services Districts	531	577	602	584	591	617	529	524	525	489
Contributions and Donations	3,558	2,268	2,589	2,333	2,575	9,069	4,398	3,841	3,640	2,430
Reimbursements from Outside Sources	3,445	1,942	2,266	1,840	2,415	2,193	2,121	4,058	1,989	2,515
Indirect Costs	6,987	6,501	6,993	7,455	6,899	7,614	7,370	7,217	7,191	8,313
Other	5,134	954	1,110	869	751	737	488	1,037	2,264	1,261
Total Revenues	\$ 412,042	\$ 408,363	\$ 419,664	\$ 458,078	\$ 492,118	\$ 533,456	\$ 546,952	\$ 615,980	\$ 703,817	\$ 740,728

⁽¹⁾In fiscal year 2016, moved "Sale of General Capital Assets" from "Other" within the "Revenues" section to "Sale of General Capital Assets" within the "Other Financing Sources (Uses)" section.

City of Scottsdale, Arizona
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

Table IVb

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenditures										
General Government										
Mayor and City Council	\$ 784	\$ 818	\$ 887	\$ 653	\$ 747	\$ 782	\$ 723	\$ 878	\$ 930	\$ 1,035
City Clerk	917	1,138	873	735	1,004	1,163	1,246	1,256	1,082	972
City Attorney	6,012	7,118	6,576	6,747	7,471	6,826	6,597	7,276	7,565	8,052
City Auditor	782	824	823	816	948	1,049	1,045	1,099	1,197	1,063
City Court	5,584	4,975	5,381	5,692	5,797	5,970	6,194	6,528	6,696	7,330
City Manager	1,832	1,965	2,200	3,094	3,746	4,531	3,621	4,987	5,877	1,812
City Treasurer	4,904	5,785	5,657	5,979	8,593	9,714	9,418	9,544	10,632	11,558
Other General Government	-	-	-	-	-	-	-	-	-	10,567
Public Works	34,518	32,850	33,636	35,013	35,154	44,382	41,410	45,228	48,271	52,940
Community and Economic Development	44,550	42,735	46,320	47,696	48,860	34,431	31,259	41,973	45,541	46,821
Public Safety	123,761	128,527	137,304	136,075	146,250	157,557	153,754	210,701	198,067	209,835
Community Services	44,998	45,508	46,224	47,056	48,786	52,924	48,034	56,679	67,439	68,445
Administrative Services	15,050	15,648	15,919	16,309	15,279	14,727	19,307	17,167	18,392	27,550
Scottsdale AZ CARES	-	-	-	-	-	-	12,974	2,259	-	-
Streetlight and Services Districts	583	589	589	605	584	555	545	535	529	533
Debt Service										
Principal	105,930	53,313	57,956	68,017	66,053	70,076	68,955	70,557	70,918	81,447
Interest and Fiscal Charges	36,706	34,664	31,285	32,052	29,752	27,854	20,634	19,111	17,918	17,740
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-	6,983	-	-	-	-
Bond Issuance Costs	1,643	-	672	241	-	508	1,745	-	845	-
Capital Outlay	52,164	26,674	75,099	54,311	64,395	80,009	70,417	87,417	148,652	187,042
Total Expenditures	\$ 480,718	\$ 403,131	\$ 467,401	\$ 461,091	\$ 483,419	\$ 520,041	\$ 497,878	\$ 583,195	\$ 650,551	\$ 734,742
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (68,676)	\$ 5,232	\$ (47,737)	\$ (3,013)	\$ 8,699	\$ 13,415	\$ 49,074	\$ 32,785	\$ 53,266	\$ 5,986

City of Scottsdale, Arizona
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

Table IVc

	2015	2016 ⁽¹⁾	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing Sources (Uses)										
Transfers In	\$ 89,806	\$ 85,080	\$ 101,427	\$ 103,926	\$ 108,177	\$ 119,124	\$ 135,337	\$ 136,575	\$ 178,154	\$ 204,755
Transfers Out	(83,211)	(79,079)	(94,074)	(96,272)	(100,735)	(110,525)	(126,874)	(129,030)	(169,542)	(195,142)
Financing of Leases	-	-	-	-	244	1,025	122	1,517	916	1,978
Financing of Subscription-Based I.T. Arrangements	-	-	-	-	-	-	4,746	302	2,486	11,944
Financing of Contracts Payable	-	-	-	-	-	-	-	1,009	265	1,876
Issuance of Refunding Bonds	207,173	-	58,480	-	-	2,563	239,545	-	-	-
Issuance of Long-Term Capital-Related Debt	26,815	-	17,410	25,500	-	42,550	51,160	-	73,705	-
Premium on Long-Term Debt Issued	23,871	-	12,955	3,496	-	1,323	4,200	-	4,850	-
Payment to Refunded Bonds Escrow Agent	(168,069)	-	(68,105)	-	-	(2,563)	(238,102)	-	-	-
Sale of General Capital Assets	-	4,806	251	214	191	149	220	21,649	42,844	593
Total Other Financing Sources (Uses)	96,385	10,807	28,344	36,864	7,877	53,646	70,354	32,022	133,678	26,004
Net Change in Fund Balances	\$ 27,709	\$ 16,039	\$ (19,393)	\$ 33,851	\$ 16,576	\$ 67,061	\$ 119,428	\$ 64,807	\$ 186,944	\$ 31,990
Debt Service as a Percentage of Non-capital Expenditures	33.3%	23.4%	22.7%	24.3%	22.5%	22.2%	21.0%	18.1%	17.7%	18.1%

⁽¹⁾In fiscal year 2016, moved "Sale of General Capital Assets" from "Other" within the "Revenues" section to "Sale of General Capital Assets" within the "Other Financing Sources (Uses)" section.

City of Scottsdale, Arizona
Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(in thousands)

Table V

Sales and Use Taxes							
Fiscal Year	Property	Privilege and Use - General	Privilege and Use - McDowell Mtn Preserve	Privilege and Use - Transportation	Privilege and Use - Public Safety	Transient Occupancy	
2015	\$ 64,272	\$ 100,560	\$ 34,429	\$ 19,097	\$ 9,837	\$ 17,047	
2016	61,956	104,995	36,029	19,938	10,294	17,397	
2017	63,320	103,081	35,489	19,615	10,140	18,951	
2018	63,577	116,679	40,089	22,044	11,454	19,837	
2019	68,738	122,152	41,909	27,788 ⁽¹⁾	11,974	22,407	
2020	67,911	122,923	42,331	35,022	12,094	18,793	
2021	69,826	136,511	46,921	39,023	13,406	18,013	
2022	72,602	165,535	57,013	47,586	16,289	31,863	
2023	67,634	181,553	62,550	52,373	17,872	36,492	
2024	73,214	175,426	60,427	50,902	17,265	34,597	
Franchise Taxes							
Fiscal Year	Cable TV Franchise	Light and Power Franchise	Intergovernmental				
			State Shared Sales	State Revenue Sharing	Other		
2015	\$ 3,748	\$ 8,691	\$ 19,867	\$ 26,316	\$ 906		
2016	3,816	8,826	20,647	26,173	913		
2017	3,896	8,655	21,755	28,976	921		
2018	4,391	9,106	23,719	30,549	931		
2019	3,293	8,832	25,187	30,269	3,102		
2020	5,445	8,231	26,395	33,015	4,177		
2021	4,204	8,456	30,615	37,207	4,209		
2022	3,825	9,490	34,247	33,718	5,342		
2023	3,625	10,155	35,884	47,853	6,488		
2024	3,358	11,181	36,693	64,406	7,636		

⁽¹⁾The Privilege and Use-Transportation tax rate increased from 0.2 percent to 0.3 percent, effective February 1, 2019.

City of Scottsdale, Arizona
Taxable Sales Subject to Privilege (Sales) Tax by Category
Last Ten Fiscal Years
(dollars in thousands)

Table VI

	2015	2016	2017⁽¹⁾	2018	2019⁽²⁾	2020	2021	2022	2023	2024
Automotive	\$ 1,335,511	\$ 1,403,834	\$ 1,489,632	\$ 1,558,428	\$ 1,792,335	\$ 1,725,497	\$ 1,940,656	\$ 1,984,944	\$ 2,037,030	\$ 2,046,757
Construction	1,057,986	969,281	901,684	962,050	997,164	1,044,980	1,223,155	1,193,366	1,596,705	1,748,177
Food Stores	690,837	713,187	677,978	763,117	796,551	860,447	883,237	878,442	945,114	985,835
Hotel/Motel	525,421	543,121	641,146	682,078	730,329	595,455	551,361	965,649	1,053,661	1,022,072
Major Department Stores	937,370	927,469	888,674	966,996	970,656	944,390	1,037,297	1,147,151	1,205,502	1,192,745
Miscellaneous Retail Stores	1,612,954	1,708,411	1,785,097	2,010,364	2,200,161	2,438,658	3,054,740	3,683,694	3,828,950	3,903,186
Other Taxable Activity	695,566	728,596	756,718	926,445	1,059,397	1,119,896	1,368,741	1,697,911	1,881,617	1,917,642
Rentals	1,315,545	1,417,607	1,380,366	1,644,191	1,719,075	1,747,873	1,746,613	2,132,353	2,227,753	2,230,629
Restaurants	925,948	961,340	957,757	1,065,825	1,144,395	1,008,526	1,170,867	1,518,421	1,684,960	1,693,772
Utilities	435,879	497,773	451,318	467,609	455,118	466,345	476,372	478,033	524,314	553,790
Total	\$ 9,533,017	\$ 9,870,619	\$ 9,930,370	\$ 11,047,103	\$ 11,865,181	\$ 11,952,067	\$ 13,453,039	\$ 15,679,964	\$ 16,985,606	\$ 17,294,605
City Sales Tax	1.65%	1.65%	1.65%	1.65%	1.75%	1.75%	1.75%	1.75%	1.75%	1.75%

⁽¹⁾ Effective January 1, 2017, the Arizona Department of Revenue took over all collection and administration of privilege, use, jet fuel, and bed taxes.

⁽²⁾ Effective February 1, 2019, the privilege tax rate increased to 1.75%.

City of Scottsdale, Arizona
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Table VII

Privilege (Sales) Tax Rates				Use Tax Rates			
Fiscal Year	City Direct Rate	County Rate	State Rate	Fiscal Year	City Direct Rate	County Rate	State Rate
2015	1.65%	0.70%	5.60%	2015	1.45%	0.00%	5.60%
2016	1.65%	0.70%	5.60%	2016	1.45%	0.00%	5.60%
2017	1.65%	0.70%	5.60%	2017	1.45%	0.00%	5.60%
2018	1.65%	0.70%	5.60%	2018	1.45%	0.00%	5.60%
2019	1.75% ⁽²⁾	0.70%	5.60%	2019	1.55% ⁽²⁾	0.00%	5.60%
2020	1.75%	0.70%	5.60%	2020	1.55%	0.00%	5.60%
2021	1.75%	0.70%	5.60%	2021	1.55%	0.00%	5.60%
2022	1.75%	0.70%	5.60%	2022	1.55%	0.00%	5.60%
2023	1.75%	0.70%	5.60%	2023	1.55%	0.00%	5.60%
2024	1.75%	0.70%	5.60%	2024	1.55%	0.00%	5.60%

Transient Occupancy Tax Rates				Jet Fuel Tax Rates (cents per gallon)			
Fiscal Year	City Direct Rate	County Rate	State Rate	Fiscal Year	City Direct Rate	County Rate	State Rate
2015	5.00%	1.77%	5.50%	2015	0.0180	0.0031	0.0305
2016	5.00%	1.77%	5.50%	2016	0.0180	0.0031	0.0305
2017	5.00%	1.77%	5.50%	2017	0.0180	0.0031	0.0305
2018	5.00%	1.77%	5.50%	2018 ⁽¹⁾	0.0180	0.0031	0.0305
2019	5.00%	1.77%	5.50%	2019	0.0180	0.0031	0.0305
2020	5.00%	1.77%	5.50%	2020	0.0180	0.0031	0.0305
2021	5.00%	1.77%	5.50%	2021	0.0180	0.0031	0.0305
2022	5.00%	1.77%	5.50%	2022	0.0180	0.0031	0.0305
2023	5.00%	1.77%	5.50%	2023	0.0180	0.0031	0.0305
2024	5.00%	1.77%	5.50%	2024	0.0180	0.0031	0.0305

Source: City Tax Audit Section

Note: The following gives a general description of each tax. Complete details for each tax can be found in Appendix C of the Scottsdale Revised City Code.

Privilege (Sales) Tax applies to the sale, lease, license for use, and/or rental transactions.

Use Tax applies to the storage or use of items within the city on which no privilege tax has been paid.

Transient Occupancy Tax applies to transactions involving transient lodging.

Jet Fuel Tax applies to transactions involving the sale of jet fuel.

⁽¹⁾ Effective August 9, 2017, the city can only tax the first 10 million gallons by each purchaser in a calendar year.

⁽²⁾ Effective February 1, 2019, the city transaction privilege tax rate increased to 1.75% and the use tax rate increased to 1.55%.

City of Scottsdale, Arizona
Sales Tax Revenue Payers by Industry
Current Year and Nine Years Ago
(dollars in thousands)

Table VIII

	Fiscal Year 2024				Fiscal Year 2015			
	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total
Automotive	724	1.89%	\$ 35,896	11.80%	579	2.51%	\$ 22,649	13.81%
Construction	3,030	7.92%	30,241	9.94%	6,433	27.94%	18,265	11.14%
Food Stores	232	0.61%	17,040	5.60%	175	0.76%	11,540	7.04%
Hotel/Motel	622	1.62%	17,958	5.90%	75	0.33%	8,777	5.35%
Major Department Stores	33	0.09%	20,491	6.73%	27	0.12%	15,598	9.51%
Miscellaneous Retail Stores	10,080	26.36%	67,335	22.13%	5,175	22.48%	28,020	17.07%
Other Taxable Activity	13,917	36.40%	36,500	11.99%	4,115	17.87%	15,022	9.16%
Rentals	8,175	21.38%	39,832	13.09%	5,134	22.30%	21,352	13.02%
Restaurants	959	2.51%	29,460	9.68%	1,011	4.39%	15,493	9.45%
Utilities	462	1.21%	9,500	3.12%	299	1.30%	7,292	4.45%
Total	38,234	100.00%	\$ 304,253	100.00%	23,023	100.00%	\$ 164,008	100.00%

Note: Due to confidentiality issues, the names of the ten largest revenue payers cannot be disclosed. The categories are intended to provide alternative information regarding the sources of the city's revenue. Transient Occupancy taxes are not included in the Tax Revenue for this table. The "Other Taxable Activity" category includes all license fees, penalties, and interest. Beginning January 1, 2017, the Arizona Department of Revenue took over all collection and administration of privilege, use, and jet fuel taxes. Due to the changes in the source of the data and the tax law, the number and classification of filers for the two years above may have differences. Effective February 1, 2019, the transaction privilege tax rate increased to 1.75% and the use tax rate increased to 1.55%.

City of Scottsdale, Arizona
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Table IX

Fiscal Year	City Direct Rate			Overlapping Rates Scottsdale Unified School District			
	Operating	Debt Service	Total City	Operating	Debt Service and Budget Override	EVIT	Total School
2015	\$ 0.5580	\$ 0.6869	\$ 1.2449	\$ 3.1091	\$ 1.0045	\$ 0.0500	\$ 4.1636
2016	0.5293	0.6244	1.1537	2.8332	1.0263	0.0500	3.9095
2017	0.5071	0.6219	1.1290	2.8566	1.0033	0.0500	3.9099
2018	0.4956	0.5889	1.0845	2.7463	0.9864	0.0500	3.7827
2019	0.5316	0.5705	1.1021	2.5675	1.1364	0.0500	3.7539
2020	0.5198	0.5214	1.0412	2.5928	1.0538	0.0500	3.6966
2021	0.5273	0.5043	1.0316	2.6334	0.9939	0.0500	3.6773
2022	0.5039	0.5042	1.0081	2.5261	0.9318	0.0500	3.5079
2023	0.4970	0.4101	0.9071	2.4282	0.9165	0.0500	3.3947
2024	0.5150	0.4664	0.9814	2.4454	0.9312	0.0500	3.4266

Fiscal Year	Overlapping Rates County-Wide Jurisdictions									
	County Operating	Community College	County Flood	County Education Equalization	Fire District Assistance	Central AZ Project	County Free Library	County Special Health Care	Total County	Total Direct and Overlapping
2015	\$ 1.3209	\$ 1.5187	\$ 0.1392	\$ 0.5089	\$ 0.0113	\$ 0.1400	\$ 0.0556	\$ 0.1856	\$ 3.8802	\$ 9.2887
2016	1.3609	1.4940	0.1592	0.5054	0.0116	0.1400	0.0556	0.3021	4.0288	9.0920
2017	1.4009	1.4651	0.1792	0.5010	0.0112	0.1400	0.0556	0.3053	4.0583	9.0972
2018	1.4009	1.4096	0.1792	0.4875	0.0102	0.1400	0.0556	0.2851	3.9681	8.8353
2019	1.4009	1.3754	0.1792	0.4741	0.0107	0.1400	0.0556	0.2941	3.9300	8.7860
2020	1.4009	1.3285	0.1792	0.4566	0.0095	0.1400	0.0556	0.3333	3.9036	8.6414
2021	1.4009	1.2881	0.1792	0.4426	0.0090	0.1400	0.0556	0.3046	3.8200	8.5289
2022	1.3459	1.2257	0.1792	0.4263	0.0086	0.1400	0.0556	0.2970	3.6783	8.1943
2023	1.2473	1.1894	0.1592	0.0000	0.0082	0.1400	0.0505	0.2488	3.0434	7.3452
2024	1.2044	1.1388	0.1536	0.0000	0.0081	0.1400	0.0488	0.2716	2.9653	7.3733

Source: Maricopa County Department of Finance Publications On-Line "Tax Rate 2023".

Note: The city has Community Facilities Districts (CFDs) that levy property taxes independent of the city to property owners within a designated area. For fiscal year 2024 the rates were as follows: DC Ranch CFD - \$0.3298 and the Waterfront Commercial CFD - \$4.4168.

**City of Scottsdale, Arizona
Principal Property Taxpayers
Current Year and Nine Years Ago**
(dollars in thousands)

Table X

Taxpayer	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Arizona Public Service Company	\$ 68,472	1	0.897%	\$ 60,737	1	1.173%
Scottsdale Fashion Square LLC	47,263	2	0.619%	29,879	2	0.577%
SDQ FEE LLC	24,018	3	0.315%	13,069	7	0.252%
18700 Hayden Road LLC (Cavasson)	22,759	4	0.298%	-	-	-
Camden USA Inc	18,899	5	0.248%	-	-	-
FMT Scottsdale Owner LLC (IMPS)	16,962	6	0.222%	-	-	-
Weingarten Nostat Inc.	16,711	7	0.219%	-	-	-
General Dynamics Decision Systems Inc	15,926	8	0.209%	-	-	-
Portales Corporate Center LLC ⁽¹⁾	15,710	9	0.206%	13,291	6	0.257%
Southwest Gas Corporation	14,819	10	0.194%	11,091	10	0.214%
Gainey Drive Associates	-	-	-	13,412	4	0.259%
Qwest Corporation	-	-	-	13,354	5	0.258%
WJ Small Grandchildrens Trust	-	-	-	13,068	8	0.252%
Scottsdale Fiesta Retail Center	-	-	-	12,574	9	0.243%
Excel Promenade LLC	-	-	-	18,929	3	0.366%
Total	\$ 261,539		3.427%	\$ 199,404		3.851%

Source: The Maricopa County Assessor's Office.

Note: 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 fiscal year 2023 assessed valuation of the SRP within the city is \$23,797,699 as provided by SRP.

⁽¹⁾Portales Corporate Center LLC/Etal was renamed Portales Corporate Center LLC in 2016.

City of Scottsdale, Arizona
Assessed Value of Taxable Property
Last Ten Fiscal Years
(dollars in thousands, excluding the Total Direct Tax Rate)

Table XI

Fiscal Year Ended June 30th	Real Property				Personal Property	Less Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Vacant Land	Historic and Special Use	Assessed Value			
2015 P	\$ 3,400,223	\$ 1,211,532	\$ 731,585	\$ 2,849	\$ 208,844	\$ (569,038)	\$ 4,985,995	\$ 0.56
2015 S	3,542,585	1,228,899	792,839	2,986	209,029	(599,560)	5,176,778	0.69
2016 P	3,608,260	1,197,395	759,840	3,143	196,631	(603,538)	5,161,731	0.53
2016 S	4,210,065	1,306,932	912,980	3,541	196,972	(674,098)	5,956,392	0.62
2017 P	3,842,636	1,209,059	723,452	1,075	217,238	(594,547)	5,398,913	0.51
2017 S	4,510,655	1,451,267	996,458	1,488	217,243	(757,790)	6,419,321	0.62
2018 P	4,071,866	1,268,544	747,981	1,155	223,277	(614,085)	5,698,738	0.50
2018 S	4,794,346	1,650,245	1,135,084	1,716	223,276	(876,231)	6,928,436	0.59
2019 P	4,301,223	1,335,470	737,727	1,187	221,801	(600,412)	5,996,996	0.53
2019 S	5,014,035	1,726,614	1,137,771	1,816	229,030	(885,997)	7,223,269	0.57
2020 P	4,555,026	1,397,576	756,975	1,266	227,231	(614,956)	6,323,118	0.52
2020 S	5,356,377	1,848,894	1,217,117	2,032	236,828	(959,355)	7,701,893	0.52
2021 P	4,813,338	1,465,046	770,044	1,207	241,822	(674,280)	6,617,177	0.53
2021 S	5,719,222	1,988,445	1,215,429	1,873	252,043	(1,022,311)	8,154,701	0.50
2022 P	5,069,144	1,547,914	799,978	1,280	232,722	(694,052)	6,956,986	0.50
2022 S	6,125,758	2,131,654	1,263,825	1,917	233,873	(1,046,330)	8,710,697	0.50
2023 P	5,373,234	1,625,295	785,066	1,364	241,948	(698,108)	7,328,799	0.50
2023 S	6,631,122	2,134,568	1,217,942	2,174	243,283	(1,030,404)	9,198,685	0.41
2024 P	5,692,566	1,651,650	793,012	1,599	230,103	(737,677)	7,631,253	0.52
2024 S	8,528,816	2,422,944	1,397,709	3,202	231,386	(1,189,801)	11,394,256	0.47

Source: Arizona Department of Revenue Abstract of the Assessment Roll.

City of Scottsdale, Arizona
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollars in thousands)

Table XII

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 63,223	\$ 62,233	98.2%	\$ 572	\$ 62,805	99.3%
2016	59,533	58,714	98.6%	538	59,252	99.5%
2017	60,982	60,056	98.5%	594	60,650	99.5%
2018	61,861	60,721	98.2%	779	61,500	99.4%
2019	65,816	64,982	98.3%	663	65,645	99.7%
2020	65,521	64,273	97.6%	1,095	65,368	99.8%
2021	68,465	67,423	98.8%	698	68,121	99.5%
2022	70,334	69,082	98.2%	955	70,037	99.6%
2023	66,494	65,395	98.3%	456	65,851	99.0%
2024	75,522	73,502	97.3%	-	73,502	97.3%

Source: "Total Tax Levy for Fiscal Year" amounts = Maricopa County Tax Levy Reports on County Finance website. "Collections" amounts = Maricopa County Finance Office Secured Tax Levy Report. Amounts represent property taxes recorded in the General, Debt Service, and Self-Insurance Funds.

City of Scottsdale, Arizona
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except for Per Capita)

Table XIII

Governmental Activities									
Fiscal Year Ended June 30	General Obligation Bonds	Municipal Property Corporation Bonds	Scottsdale Preserve Authority Bonds	Certificates of Participation	Community Facilities District Bonds	Contracts Payable	Leases	Public-Public Partnerships	Subscriptions
2015	\$ 624,616	\$ 243,044	\$ 48,276	\$ 11,762	\$ 27,437	\$ -	\$ 229	\$ 2,837	\$ -
2016	585,931	232,970	43,489	9,546	24,694	-	156	2,683	-
2017	590,910	221,535	17,823	7,264	21,860	-	95	2,529	-
2018	568,259	208,828	13,215	4,914	19,244	-	32	2,375	-
2019	521,632	193,165	8,432	2,493	16,707	-	219	2,221	-
2020	467,788	218,786	2,825	-	13,808	-	2,373	2,068	-
2021	475,212	202,825	1,448	-	11,084	451	1,799	1,914	4,387
2022	421,589	187,101	-	-	8,256	1,314	2,568	1,760	3,417
2023	442,783	172,808	-	-	6,740	1,083	2,947	4,620	4,363
2024	378,783	158,287	-	-	5,391	1,786	3,997	4,368	9,811

Business-type Activities							
Fiscal Year Ended June 30	Revenue Bonds	Municipal Property Corporation Bonds	Leases	Subscriptions	Total Primary Government	Percentage of Personal Income	Per Capita
2015	\$ 31,518	\$ 309,150	\$ -	\$ -	\$ 1,298,869	11.26%	\$ 5,689
2016	28,176	295,807	-	-	1,223,452	10.26%	5,292
2017	24,710	353,773	-	-	1,240,499	9.98%	5,212
2018	21,069	336,407	-	-	1,174,343	8.96%	4,843
2019	17,258	318,235	-	-	1,080,362	7.45%	4,232
2020	13,262	299,138	-	-	1,020,048	6.59%	3,952
2021	9,062	285,707	-	70	993,959	6.57%	4,118
2022	4,646	265,472	-	24	896,147	5.68%	3,691
2023	-	242,431	96	144	878,015	5.16%	3,612
2024	-	218,305	116	84	780,928	4.12%	3,195

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
See Table XVIII - Schedule of Demographic and Economic Statistics for personal income and population data.

City of Scottsdale, Arizona
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(dollars in thousands, except Per Capita)

Table XIV

<u>Fiscal Year Ended June 30</u>	<u>Governmental Activities - General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Net General Bonded Debt</u>	<u>Percentage of Total Taxable Assessed Value of Property</u>	<u>Per Capita</u>
2015	\$ 624,616	\$ 12,172	\$ 612,444	11.8%	\$ 2,683
2016	585,931	11,529	574,402	9.6%	2,484
2017	590,910	11,516	579,394	9.0%	2,434
2018	568,259	2,471	565,788	8.2%	2,333
2019	521,632	1,394	520,238	7.2%	2,038
2020	467,788	1,042	466,746	6.1%	1,808
2021	475,212	3,469	471,743	5.8%	1,955
2022	421,589	8,714	412,875	4.7%	1,700
2023	442,783	7,291	435,492	4.7%	1,791
2024	378,783	105	378,678	3.3%	1,549

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value of Taxable Property on Table XI for property value data.

See the Schedule of Demographic and Economic Statistics on Table XVIII for population data.

City of Scottsdale, Arizona
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024
(dollars in thousands)

Table XV

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Maricopa County Community College District	\$ 57,615	13.9454%	\$ 8,035
Maricopa County Special Healthcare District	544,135	13.9454%	75,882
Tempe Elementary School District No. 3	126,650	0.0001%	-
Balsz Elementary School District No. 31	31,605	6.0894%	1,925
Scottsdale Unified School District No. 48	246,180	69.5871%	171,310
Paradise Valley Unified School District No. 69	323,977	29.5778%	95,825
Cave Creek Unified School District No. 93	19,065	61.9653%	11,814
Fountain Hills Unified School District No. 98	3,380	3.3990%	115
Phoenix Union High School District No. 210	364,285	0.3653%	1,331
Tempe Union High School District No. 213	101,820	0.0001%	-
Western Maricopa Education Center District No. 402	98,510	6.3248%	<u>6,231</u>
Subtotal, overlapping debt			372,468
City direct debt	562,423	100.0000%	<u>562,423</u>
Total direct and overlapping debt			<u><u>\$ 934,891</u></u>

Sources: The various entities; *State and County Abstract of the Assessment Roll*, Arizona Department of Revenue; *Property Tax Rates and Assessed Values*, Arizona Tax Research Association; and *Maricopa County 2023 Tax Levy*, Maricopa County Department of Finance.

Notes:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Scottsdale. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

The proportion of overlapping debt applicable to the city is computed on the ratio of 2023-24 net assessed limited property value for the overlapping jurisdiction within the city to the total net assessed limited property valuation of the overlapping jurisdiction.

City of Scottsdale, Arizona
Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Table XVIa

	2015	2016 ⁽¹⁾	2017 ⁽²⁾	2018	2019	2020	2021	2022	2023	2024
20% Limitation										
Debt Limit Equal to 20% of Assessed Valuation	\$ 1,035,356	\$ 1,191,278	\$ 1,283,864	\$ 1,385,687	\$ 1,444,654	\$ 1,540,379	\$ 1,630,940	\$ 1,742,139	\$ 1,839,737	\$ 2,278,851
Total Net Debt Applicable to 20% Limit	532,888	513,768	521,179	511,046	479,265	433,865	444,366	395,172	411,487	351,404
Excess Premium			8,180	10,637	10,415	10,181	12,713	11,549	13,996	12,193
Legal 20% Debt Margin (Available Borrowing Capacity)	<u>\$ 502,468</u>	<u>\$ 677,510</u>	<u>\$ 754,505</u>	<u>\$ 864,004</u>	<u>\$ 954,974</u>	<u>\$ 1,096,333</u>	<u>\$ 1,173,861</u>	<u>\$ 1,335,418</u>	<u>\$ 1,414,254</u>	<u>\$ 1,915,254</u>
Total Net Debt Applicable to the 20% Limit as a Percentage of 20% Debt Limit	51.47%	43.13%	41.23%	37.65%	33.90%	28.83%	28.03%	23.35%	23.13%	15.96%
6% Limitation										
Debt Limit Equal to 6% of Assessed Valuation	\$ 310,606	\$ 357,384	\$ 385,159	\$ 415,706	\$ 433,396	\$ 462,114	\$ 489,282	\$ 522,642	\$ 551,921	\$ 683,655
Total Net Debt Applicable to 6% Limit	54,022	37,747	26,116	14,419	3,950	-	3,859	3,713	8,128	7,706
Excess Premium			-	-	-	-	426	410	929	881
Legal 6% Debt Margin (Available Borrowing Capacity)	<u>\$ 256,584</u>	<u>\$ 319,637</u>	<u>\$ 359,043</u>	<u>\$ 401,287</u>	<u>\$ 429,446</u>	<u>\$ 462,114</u>	<u>\$ 484,997</u>	<u>\$ 518,519</u>	<u>\$ 542,864</u>	<u>\$ 675,068</u>
Total Net Debt Applicable to the 6% Limit as a Percentage of 6% Debt Limit	17.39%	10.56%	6.78%	3.47%	0.91%	0.00%	0.88%	0.79%	1.64%	1.26%

⁽¹⁾Restated fiscal year 2016 debt limit and debt margin amounts to reflect the usage of the secondary, as opposed to the primary, valuation amount.

⁽²⁾Beginning in fiscal year 2017, a change in state law requires the "Excess Premium" to be included with the debt subject to the legal debt margin limitations.

City of Scottsdale, Arizona
Legal Debt Margin Information
As of June 30, 2024
(in thousands)

Table XVIb

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed Valuation as of June 30, 2024	\$	11,394,256
<u>20% Limitation</u>		
Debt Limit Equal to 20% of Assessed Valuation	\$	2,278,851
Debt applicable to limit:		
General Obligation Bonds		351,404
Excess Premium		12,193
		12,193
Legal 20% Debt Margin (Available Borrowing Capacity)	\$	1,915,254
<u>6% Limitation</u>		
Debt Limit Equal to 6% of Assessed Valuation	\$	683,655
Debt applicable to limit:		
General Obligation Bonds		7,706
Excess Premium		881
		881
Legal 6% Debt Margin (Available Borrowing Capacity)	\$	675,068

Source: City of Scottsdale, City Treasurer

Notes:

Under Arizona law, cities can issue general obligation bonds for purposes of water, sewers, artificial light, parks, playgrounds and recreational facilities, open space preserves, public safety, and streets and transportation facilities, but outstanding bonds issued for such purposes may not exceed 20 percent of the city's net assessed valuation. Outstanding general obligation bonded debt for all other purposes may not exceed 6 percent of the city's net assessed valuation.

General obligation bonds of community facilities districts are not subject to or included in this computation since they are not bonds of the City of Scottsdale, Arizona.

City of Scottsdale, Arizona
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollars in thousands)

Table XVII

Fiscal Year Ended June 30	Water and Sewer Revenue Bonds					Municipal Property Corporation Bonds							
	Operating Revenue ⁽¹⁾	Less: Operating Expenses	Net Operating Revenue	Development Fee Revenue	Net Revenue	Excise Tax ⁽²⁾	Debt Service Principal ⁽³⁾	Debt Service Interest ⁽³⁾	Coverage	Excise Tax ⁽²⁾	Debt Service Principal ⁽³⁾	Debt Service Interest ⁽³⁾	Coverage
2015	\$ 139,242	\$ 79,154	\$ 60,088	\$ 5,326	\$ 65,414	\$ 195,037	\$ 16,950	\$ 22,299	14.41	\$ 195,037	\$ 16,950	\$ 22,299	4.97
2016	152,612	81,586	71,026	5,156	76,182	194,560	20,215	23,220	16.77	194,560	20,215	23,220	4.48
2017	148,310	85,909	62,401	6,072	68,473	196,729	22,550	21,599	15.05	196,729	22,550	21,599	4.46
2018	160,161	87,130	73,031	6,525	79,556	216,643	26,290	23,908	17.43	216,643	26,290	23,908	4.32
2019	164,487	82,748	81,739	4,256	85,995	223,668	30,210	22,474	18.83	223,668	30,210	22,474	4.25
2020	173,739	98,549	75,190	7,777	82,967	230,539	33,675	21,906	18.14	230,539	33,675	21,906	4.15
2021	177,073	94,052	83,021	5,257	88,278	251,375	31,625	18,742	19.26	251,375	31,625	18,742	4.99
2022	167,200	97,184	70,016	5,902	75,918	284,031	32,795	15,929	16.53	284,031	32,795	15,929	5.83
2023	183,228	116,266	66,962	3,278	70,240	314,347	34,170	14,562	15.25	314,347	34,170	14,562	6.45
2024	-	-	-	-	N/A	332,395	35,935	13,061	N/A	332,395	35,935	13,061	6.78

Scottsdale Preserve Authority Bonds				
Fiscal Year Ended June 30	Sales Tax	Debt Service Principal	Debt Service Interest	Coverage
2015	\$ 34,429	\$ 4,140	\$ 2,330	5.32
2016	36,029	4,340	2,143	5.56
2017	35,489	4,175	1,423	6.34
2018	40,089	4,365	734	7.86
2019	41,909	4,540	577	8.19
2020	42,331	4,780	350	8.25
2021	46,921	1,280	132	33.24
2022	57,013	1,350	68	40.21
2023	-	-	-	N/A
2024	-	-	-	N/A

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾Includes investment income.

⁽²⁾A de minimis amount of the excise taxes are pledged to specific purposes per various resolutions adopted by the City Council. Due to the immateriality of these amounts, they are not deducted from the pledged revenue calculation above.

⁽³⁾Includes debt service payments paid out of revenue from the water and sewer fund, the special programs fund, the tourism development fund, and the stadium facility fund.

**City of Scottsdale, Arizona
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table XVIII

Fiscal Year	Population⁽¹⁾	Personal Income⁽²⁾ (in thousands)	Per Capita Personal Income⁽³⁾	Median Age⁽⁴⁾	Charter and Public School Enrollment⁽⁵⁾	Fiscal Year End Average Unemployment Rate⁽⁶⁾
2015	228,300	\$ 11,536,227	\$ 50,531	45.4	26,233	4.7%
2016	231,200	11,921,597	51,564	46.1	25,979	4.2%
2017	238,000	12,428,360	52,220	46.3	25,847	3.8%
2018	242,500	13,109,550	54,060	46.3	25,598	3.5%
2019	255,300	14,499,508	56,794	46.9	25,281	3.5%
2020	258,100	15,473,869	59,953	47.0	25,606	3.4%
2021	241,361	15,128,990	62,682	47.7	25,800	6.6%
2022	242,800	15,780,058	64,992	47.7	24,906	3.0%
2023	243,100	17,026,724	70,040	47.9	24,283	2.8%
2024	244,394	18,963,508	77,594	48.7	23,182	2.6%

Data Sources and Notes:

⁽¹⁾U.S. Census; fiscal years 2015-2021 and 2023-2024 based on U.S. Census July 1 population estimates rounded to the nearest hundred.

Fiscal year 2021 based on U.S. Census 2020 population for April 1, 2020.

Fiscal year 2024 Source: <https://www.census.gov/quickfacts/fact/table/scottsdalecityarizona/PST045221>

⁽²⁾Calculated by multiplying Per Capita Personal Income by Total Population divided by 1,000.

⁽³⁾ Fiscal year 2015-2023: U.S. Census, American Community Survey, 5-Year Estimates.

Fiscal year 2024 Source: <https://www.census.gov/quickfacts/fact/table/scottsdalecityarizona/PST045221>

⁽⁴⁾ U.S. Census, American Community Survey, 5-Year Estimates

⁽⁵⁾Arizona Department of Education based on Oct 1 enrollment of fiscal year for all charter and district schools located within Scottsdale city boundaries,

⁽⁶⁾U.S. Census, American Community Survey, 5-Year Estimates.

**City of Scottsdale, Arizona
Principal Employers
Current Year and Nine Years Ago**

Table XIX

Employer	2024			2015		
	Employees	Rank	Percentage of Total City Employment⁽¹⁾	Employees	Rank	Percentage of Total City Employment⁽¹⁾
HonorHealth(2)	7,459	1	3.37%	6,382	1	5.39%
Vanguard(3)	3,133	2	1.41%	2,500	3	2.11%
Scottsdale Unified School District(5)	2,753	3	1.24%	2,240	4	1.89%
City of Scottsdale	2,719	4	1.23%	2,160	5	1.83%
General Dynamics Mission Systems(4)	2,565	5	1.16%	1,945	6	1.57%
Axon	1,752	6	0.79%			
Mayo Clinic	1,559	7	0.70%	1,851	7	1.64%
Fairmont Scottsdale Princess	1,410	8	0.64%			
CVS Health(7)	1,345	9	0.61%	2,800	2	2.36%
Nationwide(6)	1,284	10	0.58%	1,800	8	1.52%
International Cruise and Excursion				1,340	10	1.13%
McKesson Corporation				1,350	9	1.14%
Total	25,979		11.73%	24,368		20.58%

Source: City of Scottsdale, Economic Development Department communications with employers, July 2024.

⁽¹⁾Annual Employment in 2024 according to ESRI was 221,419; the fiscal year 2015 Annual Financial Report reported annual employment as 118,270.

⁽²⁾Scottsdale Healthcare was renamed HonorHealth in 2015.

⁽³⁾The Vanguard Group was renamed Vanguard Insurance in 2013 and was then renamed Vanguard in 2014.

⁽⁴⁾General Dynamics C4 Systems was renamed General Dynamics Mission Systems in 2016.

⁽⁵⁾Scottsdale Unified School District has administrative offices and some schools outside of Scottsdale city limits. 2024 numbers only report Scottsdale-based employees.

⁽⁶⁾Scottsdale Insurance Company was renamed Nationwide in 2015.

⁽⁷⁾CVS Caremark was renamed CVS Health in 2014.

City of Scottsdale, Arizona
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table XX

Function	2015	2016	2017	2018⁽¹⁾	2019⁽²⁾	2020⁽³⁾	2021	2022	2023	2024⁽⁴⁾
General Government										
Mayor and City Council	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
City Clerk	8.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
City Attorney	53.5	53.5	53.5	53.5	63.5	63.5	63.5	63.5	63.5	63.5
City Auditor	6.0	6.0	6.0	6.0	6.5	6.5	6.5	6.8	6.8	6.8
City Court	55.9	58.5	58.5	58.5	58.5	61.0	60.0	60.0	60.6	60.6
City Manager	7.0	7.2	7.2	16.2	17.2	25.3	24.2	26.2	26.7	9.2
City Treasurer	89.7	89.8	86.7	86.7	101.7	102.7	102.5	102.5	102.5	106.5
Public Works	205.0	205.8	206.8	210.8	210.8	237.0	238.2	241.5	243.7	249.7
Community and Economic Development	173.0	185.1	186.6	179.6	182.2	126.3	127.3	128.3	130.7	137.4
Public Safety	930.6	942.7	936.7	937.7	952.7	963.1	971.7	971.9	993.4	1,001.4
Community Services	448.3	469.6	474.6	476.7	476.9	511.2	502.5	505.0	502.3	508.6
Administrative Services	120.9	123.6	125.1	124.1	102.1	95.5	97.5	100.0	104.0	133.0
Water/Sewer Utilities	205.0	211.3	213.3	214.5	215.9	217.9	215.9	217.9	220.9	223.4
Airport	14.5	14.5	14.5	15.5	15.5	15.5	15.5	15.5	15.5	15.5
Solid Waste	90.0	90.8	92.8	92.8	96.8	96.4	96.4	99.4	101.4	106.4
Total	2,417.4	2,475.4	2,479.3	2,489.6	2,517.3	2,538.9	2,538.7	2,555.5	2,588.9	2,638.9

Source: The City of Scottsdale's Budget Department.

⁽¹⁾Effective fiscal year 2018, Citizen Services was moved from Community and Economic Development to City Manager.

⁽²⁾Effective fiscal year 2019, Purchasing was moved from Administrative Services to City Treasurer, and Risk Management was moved from City Treasurer to City Attorney.

⁽³⁾Effective fiscal year 2020, Communications was moved from Administrative Services to City Manager, Emergency Management was moved from City Manager to Public Safety, Transportation was moved from Community and Economic Development to Public Works, and WestWorld was moved from Community and Economic Development to Community Services.

⁽⁴⁾Effective fiscal year 2024, Communications and Government Relations was moved from City Manager to Administrative Services.

City of Scottsdale, Arizona
Operating Indicators by Division⁽¹⁾
Last Ten Fiscal Years

Table XXI

Division	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
<i>City Attorney</i>										
% of cases resolved at first court appearance (arraignment)	39%	39%	35%	35%	35%	28%	20%	27%	27%	29%
<i>City Auditor</i>										
# of reports performed	16	13	13	15	14	11	14	13	10	12
<i>City Clerk</i>										
# of legal postings	1,005	1,000	1,067	1,033	946	950	912	882	1,017	981
# of minutes	57	61	56	70	63	59	63	67	70	64
<i>City Court</i>										
Charges filed/ charges adjudicated (resolved)	96,741/ 91,200	100,920/ 92,993	100,092/ 85,295	95,301/ 84,602	83,471/ 78,390	88,444/ 77,118	74,419/ 65,915	96,471/ 83,783	96,157/ 88,418	91,958 / 88,677
<i>City Treasurer</i>										
# of Accounts Payable payments issued ⁽²⁾	32,491	31,648	31,268	32,074	30,401	29,206	28,051	29,205	29,399	46,904
# of customer contacts (utilities and licensing)	196,549	190,422	195,819	256,784	140,915	96,201	101,694	104,226	125,589	126,983
# of Purchasing purchase orders ⁽³⁾	5,064	5,078	5,143	4,989	4,984	4,725	4,356	4,205	4,217	4,199
<i>City Manager</i>										
% of survey respondents rating the "Overall Quality of Life in Scottsdale" as good to excellent ⁽⁴⁾	No Survey	No Survey	96%	No Survey	96%	No Survey	97%	No Survey	95%	No Survey
% of survey respondents rating "Your Neighborhood as a Place to Live" as good to excellent ⁽⁴⁾⁽⁵⁾	No Survey	No Survey	93%	No Survey	97%	No Survey	94%	No Survey	92%	No Survey
Total ad value equivalency generated ⁽⁶⁾	\$34,863	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Acres of land acquired for inclusion in the McDowell Sonoran Preserve	0	0	420	0	0	0	0	0	0	0
% increase of Neighborhood Watch groups annually	0%	5%	5%	2%	7%	1%	2%	4%	10%	21%
Administrative Services										
<i>Human Resources</i>										
Citywide turnover ⁽⁷⁾	7.8%	9.6%	8.1%	9.8%	9.3%	10.7%	9.5%	20.4%	16.1%	12.7%
HR operating cost as a % of city payroll	1.4%	1.1%	1.2%	1.3%	1.2%	1.2%	1.2%	1.0%	1.1%	1.0%
<i>Information Technology</i>										
# of SPAM emails blocked (monthly) from being delivered to the city (An average of 30 seconds per email is expended by staff)	1,395,338	2,686,000	2,117,633	1,512,355	1,026,016	2,032,000	820,000	1,562,340	1,670,481	364,000
Annual disk storage size (DAS, NAS, and SAN) (Terabytes)	51.4	58.6	67.2	82.8	86.9	98.3	103.5	114.0	159.0	162.0

(continued)

City of Scottsdale, Arizona
 Operating Indicators by Division⁽¹⁾
 Last Ten Fiscal Years

Table XXI

Division	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Community Services										
<i>Preserve</i>										
McDowell Sonoran Preserve Annual Visitors – All trailheads	659,882	706,682	698,090	732,510	747,000	936,000	992,000	882,669	870,000	815,000
<i>Parks and Recreation</i>										
# of square feet of medians and rights of way maintained	22,832,327	22,913,730	22,827,842	22,968,631	22,897,463	22,897,463	23,261,040	23,283,195	23,283,195	30,313,634
<i>WestWorld</i>										
# of special events at WestWorld ⁽⁸⁾	52	51	55	49	46	30	48	35	42	45
Community and Economic Development										
<i>Planning and Development Services</i>										
Customer wait-time (in minutes) at One Stop Shop	12	12	15	13	14	13	7	5	4	5
Provide applicant with pre-application meeting within 30 days of submitting request.	100%	95%	100%	99%	99%	100%	100%	100%	100%	100%
% of inspections performed within 24 hours of the request	100%	98%	98%	98%	98%	99%	99%	99%	100%	100%
# of new Code Enforcement cases processed per year	15,514	13,781	13,797	12,594	13,676	12,358	12,076	11,226	12,251	9,941
<i>Economic Development</i>										
Targeted job creation - # of companies/# of jobs	13 / 1,180	9 / 1,183	14 / 1,019	12 / 1,852	14 / 1,531	9 / 603	7 / 1,005	9 / 769	12 / 797	5 / 1,063
<i>Tourism</i>										
Hotel/Motel average occupancy rate	67.8%	67.9%	75.1%	69.1%	70.2%	55.6%	47.1%	61.9%	66.1%	65.0%
# of Downtown special events coordinated	325	277	174	173	155	129	43	188	182	161
<i>Aviation</i>										
Scottsdale Airport - takeoffs and landings	153,285	162,535	164,622	166,425	176,677	191,284	192,185	155,092	167,641	171,539
Public Safety										
<i>Police</i>										
# of calls for service ⁽⁹⁾	221,069	233,531	268,767	271,438	267,923	272,696	238,349	255,691	229,060	217,993
Achieve the standard of six minutes or less for response to emergency calls for service (includes medical and accident-related calls)	5:25	5:12	4:48	4:57	5:05	5:36	5:24	5:36	6:04	6:07
Percent of Emergency Calls Answered within 10 seconds (Target 91% of the time)	95%	91%	93%	98%	94%	88%	91%	92%	85%	88%
<i>Fire</i>										
Total incidents	32,425	35,098	36,407	36,877	37,750	37,456	37,317	41,353	40,675	37,940
Responses per capita	0.14	0.15	0.16	0.15	0.15	0.15	0.14	0.17	0.17	0.16
Travel time (enroute to onscene)	4:33	4:32	4:37	4:46	4:52	5:16	5:29	5:21	5:51	5:22

(continued)

City of Scottsdale, Arizona
Operating Indicators by Division⁽¹⁾
Last Ten Fiscal Years

Table XXI

Division	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Works										
<i>Public Works</i>										
Facility inventory maintained (square feet) ⁽⁴⁰⁾	3,348,774	2,925,697	2,925,697	2,925,697	2,961,661	2,978,196	2,978,196	3,012,519	3,044,769	2,960,169
# of active Capital Projects managed by CPM	120	155	150	161	180	185	190	196	171	173
<i>Solid Waste</i>										
# of homes serviced by Residential Refuse Collection	80,785	81,187	81,665	82,236	82,711	83,189	83,680	83,993	84,905	84,976
# of citizens serviced annually by Household Hazardous Waste collection program	2,362	3,345	2,770	2,509	2,629	2,426	2,393	2,581	2,449	2,594
<i>Transportation and Street Operations</i>										
Actions to improve safety and efficiency of traffic flow (signal timing changes and traffic control and speed limit studies) ⁽¹¹⁾	4,252	6,638	9,737	8,697	4,748	2,176	2,657	2,780	3,783	5,239
Total citywide transit ridership ⁽¹²⁾	2,635,739	2,297,323	2,186,424	2,178,152	1,933,249	1,501,663	646,306	644,306	828,029	858,955
Water Resources										
Water Service Connections	88,905	89,596	90,172	90,817	91,279	91,802	92,590	93,027	93,402	93,788
Drinking Water Supplied (million gallons per day)	63.9	67.5	67.0	70.9	66.3	67.6	74.0	67.7	65.8	68.7
Reclaimed Water Supplied (million gallons per day)	9.2	9.1	11.6	12.2	11.9	11.6	12.0	11.1	12.7	12.3
Sewer Service Connections	79,588	80,202	80,704	81,306	81,841	82,320	82,834	83,268	83,792	84,276
Sewage Treated (million gallons per day)	21.2	20.5	21.4	22.1	22.1	21.6	22.2	22.8	22.0	21.5
# of water meters read annually	1,066,385	1,078,500	1,085,590	1,072,498	1,099,164	1,099,085	1,110,050	1,112,651	1,121,844	1,123,745

Source: The City of Scottsdale's Budget department and applicable city divisions.

⁽¹⁾This presentation is consistent with the organizational structure approved as part of the fiscal year 2024 Budget.

⁽²⁾Effective fiscal year 2022 the # of Accounts Payable payments issued figure presented includes all electronic payments.

⁽³⁾Effective fiscal year 2019 the # of Purchasing purchase orders was moved from Administrative Services to City Treasurer to align with an organizational change made by the City Manager.

⁽⁴⁾The complete results for the most recent survey, as well as archived copies of prior year surveys can be found at <https://www.scottsdaleaz.gov>, search "Survey".

⁽⁵⁾Effective fiscal year 2020 the percentage of survey respondents rating "Your Neighborhood as a Place to Live" as good to excellent was moved from Administrative Services to City Manager to align with an organizational changes.

⁽⁶⁾Effective fiscal year 2012 established more appropriate performance measures for the Communications Department activities and products (ad value equivalency). City ceased tracking this statistic effective fiscal year 2016.

⁽⁷⁾Effective fiscal year 2022 the increase in the citywide turnover rate is due to a methodology change.

⁽⁸⁾Effective fiscal year 2020 the # of special events at WestWorld was moved from Community and Economic Development to Community Services to align with an organizational change made by the City Manager.

⁽⁹⁾Measure is for the prior calendar year end, rather than fiscal year end.

⁽⁴⁰⁾3.4 million square feet from fiscal year 2015 was calculated manually. The city hired a consultant who completed a building inventory in fiscal year 2016. Square footage was recalculated based on actual measurements.

⁽¹¹⁾The statistic for "Actions to improve safety and efficiency of traffic flow (signal timing changes and traffic control and speed limit studies)" has decreased due to implementation of predefined special timing plans in response to special events, construction, and accidents. Prior to fiscal year 2019, signal timing was changed from cycle to cycle when needed during special events, construction, or accidents based on observations.

⁽¹²⁾Effective fiscal year 2020 total citywide transit ridership was moved from Community and Economic Development to Public Works to align with an organizational change made by the City Manager.

**City of Scottsdale, Arizona
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Table XXII

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Police Vehicles	347	344	344	343	343	341	344	352	355	365
Fire Stations	15	15	15	15	15	15	15	15	15	15
Highways and Streets										
Square Yards of Pavement ⁽¹⁾	20,827,420	21,036,767	21,023,295	21,046,327	20,071,109	19,933,597	20,080,026	20,080,026	20,080,026	20,080,025
Equivalent 12' Wide Lane Miles	2,958	2,877	2,846	2,990	2,851	2,831	2,852	2,852	2,801	2,852
Traffic Signals	304	307	295	296	296	308	311	315	314	320
Culture and Recreation										
Parks	42	42	42	42	42	42	43	44	44	45
Parks Acreage	975	975	975	975	975	975	975	982	982	1,116
Aquatic Centers	4	4	4	4	4	4	4	4	4	4
Tennis/Pickleball Courts	61	64	64	64	70	70	70	72	72	74
Community Centers	6	6	6	6	6	6	6	6	6	6
Water										
Water Mains (miles)	2,079	2,094	2,102	2,117	2,124	2,133	2,143	2,148	2,152	2,167
Fire Hydrants	10,941	11,052	11,135	11,213	11,301	11,375	11,480	11,582	11,622	11,676
Sewer										
Sanitary Sewers (miles)	1,441	1,452	1,456	1,468	1,483	1,505	1,513	1,520	1,524	1,538
Storm Sewers (miles)	275	285	309	316	325	330	337	342	347	358

Source: City of Scottsdale's divisions.

⁽¹⁾ Pavement sq yards that does not include alleys (230,935) and parking lots (819,875) and streets not maintained by the city.

City of Scottsdale, Arizona
City Treasurer's Office
(480) 312-2437

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